6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (Continued)

During the year, the investment in MPC-GMO was disposed off at the liquidation value of US$ 2,050,589 and was set off against the obligations of the Fund towards MPC-GMO. The Fund recognized a loss of US$ 2,594,209 on disposal of its investment in MPC-GMO.

The investments in NENACO and Sabah Al-Ahmad Global Gateway Logistics City amounting to US$ 444,284,879 (2012: US$ 327,416,075) are carried at fair value as determined based on the independent third party valuation reports using pricing models and discounted cash flow techniques that are based on non-observable market prices or rates for which an unrealised gain of US$ 86,868,804 (2012: US$ 77,950,688) is recognised in the statement of comprehensive income for the year.

7. LOANS AND RECEIVABLES

	2013	2012
	US$	US$
Convertible loan	20,000,000	20,000,000
Other short term loan (note 6)	-	8,050,000
	20,000,000	28,050,000

The convertible loan to KGL International for Ports, Warehousing and Transport K.S.C.C. was originally for a period of five years with a final maturity date of 26 August 2012, which has been extended for another two years with a final maturity date of 26 August 2014.

KGL International for Ports and Warehousing K.S.C.C has invested this loan in Damietta International Ports Company which is in Egypt. Due to unforeseen circumstances and current political situation in Egypt, till such time as the project is formally restarted, interest on the above convertible loan is not accrued.

The loan is convertible at the option of the Fund into two million shares in Damietta International Ports Company. The Fund is entitled to convert the loan to shares at any time before its final settlement on 26 August 2014.

8. RELATED PARTY TRANSACTIONS

Related parties are General Partner, Limited Partners, Investment Manager, Directors, key management personnal and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out in the normal course of business and with the approval of the management.

The related party transactions included in the financial statements are as follows:

	2013	2012
	US$	US$
Statement of comprehensive income		
Income		
• Interest income	382,607	276,861
Expenses		
• Management fees	3,022,280	3,563,040
• Performances fees	14,994,034	12,908,440

8. RELATED PARTY TRANSACTIONS (continued)

In accordance with the Limited Partnership Agreement, management fees representing 1.5% (2012: 2%) of the total capital commitments of the limited partners have been accrued to the Investment Manger, KGL Investments Cayman Limited.

In accordance with the Limited Partnership Agreement, 20% of the profit for the year has been allocated to the Investment Manager KGL Investments Cayman Limited as performance fees.

9. OTHER PAYABLES AND ACCRUED EXPENSES

	2013	2012
	US$	US$
Capital contribution payable to MPC-GMO	6,660,292	10,750,000
Management fees payable	-	3,563,040
Others	638,913	614,087
	7,299,205	14,927,127

10. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
	US$	US$
Fund administration expenses	535,805	539,194
Consultancy and legal fees	272,179	140,334
Finance charges for MPC-GMO obligation	539,311	580,709
Others	275,081	91,258
	1,622,376	1,351,495

11. TAXATION

As per the Limited Partnership Agreement any tax liability arising on the activity of the Fund will be borne by Partners.

12. FINANCIAL RISK MANAGEMENT

The Fund primarily invests in equity related investments in port management companies that operate ports in the fastest growing regions of the world which are the developing markets of the Asia, Africa and the Middle East. The objective of the Fund is to achieve long term capital appreciation through investments in entrepreneurial companies demonstrating the potential for significant growth derived from products and services with international market appeal and demonstrate and sustainable competitive advantages. The Fund is exposed to a number of risks arising from the various financial instruments it holds. The main risk to which the Fund is exposed is; credit risk, market price risk, interest rate risk and liquidity risk. The risk management policies employed by the Fund to manage these risks are discussed below:

12. FINANCIAL RISK MANAGEMENT (continued)

a. Market price risk

The Fund's unquoted investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Fund's advisor advises the Fund on the investments that have prospects to appreciate in value over the medium to long term period. The advisor's recommendations are reviewed by the General Partner before the investment decisions are implemented. The performance of investments held by the Fund is monitored by the advisory committee on an ongoing basis and reviewed on a regular basis by the General Partner.

b. Currency risk

The Fund hold assets denominated in currencies other than US$, the functional and presentation currency of the Fund. Consequently the Fund is exposed to currency risk since the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Fund's policy is not to enter into any currency hedging transactions.

The table below summarizes the Fund's exposure to currency risks. Included in the tables are the Fund's assets and liabilities at fair values categorised by their base currencies:

c. Concentration of assets and liabilities

As at 31 December 2013	Other currencies	United States Dollars	Total
	US$	US$	US$
Assets			
Loans and receivables	-	20,000,000	20,000,000
Financial assets at FVTPL	-	444,284,879	444,284,879
Due from related party	-	5,177,516	5,177,516
Cash and cash equivalents	997,473	12,976,647	13,974,120
Total assets	997,473	482,439,042	483,436,515
Liabilities			
Due to Investment Manager	-	(55,820,063)	(55,820,063)
Due to related party	-	(8,885,000)	(8,885,000)
Other payables and accrued expenses	-	(7,299,205)	(7,299,205)
Total net assets	997,473	410,434,774	411,432,247
As at 31 December 2012			
Assets			
Loans and receivables	-	28,050,000	28,050,000
Financial assets at FVTPL	-	332,060,873	332,060,873
Due from related party	-	5,491,762	5,491,762
Capital contribution receivable	-	35,000,000	35,000,000
Cash and cash equivalents	285,286	98,348	383,634
Total assets	285,286	400,700,983	400,986,269
Liabilities			
Due to investment manager	-	(40,826,029)	(40,826,029)
Due from related parties	-	(3,777,000)	(3,777,000)
Other payables and accrued expenses	-	(14,927,127)	(14,927,127)
Total net assets	285,286	341,170,827	341,456,113

12. FINANCIAL RISK MANAGEMENT (continued)

d. Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Interest income from fixed deposits may fluctuate in amount, in particular due to changes in the interest rates. Whilst the Fund seeks to optimise overall performance from the assets it holds, it does not seek to maximise interest income in view of its policy to focus on unquoted investments.

The following table analyses the interest rate composition of the Fund's net assets.

	Interest bearing	Non-interest bearing	Total
	US$	US$	US$
As at 31 December 2013			
Loans and receivables	-	20,000,000	20,000,000
Financial assets at FVTPL	-	444,284,879	444,284,879
Cash and cash equivalents	-	13,974,120	13,974,120
Due from related party	5,177,516	-	5,177,516
Due to Investment Manager	-	(55,820,063)	(55,820,063)
Due to related parties	-	(8,885,000)	(8,885,000)
Other payables and accrued expenses	-	(7,299,205)	(7,299,205)
	5,177,516	406,254,731	411,432,247
As at 31 December 2012			
Loans and receivables	-	28,050,000	28,050,000
Financial assets at FVTPL	-	332,060,873	332,060,873
Cash and cash equivalents	-	383,634	383,634
Due from related party	5,491,762	-	5,491,762
Capital contribution receivables	-	35,000,000	35,000,000
Due to Investment Manager	-	(40,826,029)	(40,826,029)
Due to related parties	(2,777,000)	(1,000,000)	(3,777,000)
Other payables and accrued expenses	(10,750,000)	(4,177,127)	(14,927,127)
	(8,035,238)	349,491,351	341,456,113

e. Liquidity risk

The liquidity risk is that the Fund cannot meet its financial obligations when they fall due. The Fund has no liquidity risk for the foreseeable future. Some of the investments are unquoted and are not readily realisable. The maturity profile of the Funds liabilities are as follows.

12. FINANCIAL RISK MANAGEMENT (continued)

e. Liquidity risk (continued)

	Less than one year	Between one and two years	Total
	US$	US$	US$
As at 31 December 2013			
Due to Investment Manager	-	55,820,063	55,820,063
Due to related parties	8,885,000	-	8,885,000
Other payables and accrued expenses	7,299,205	-	7,299,205
	16,184,205	55,820,063	72,004,268
As at 31 December 2012			
Due to Investment Manager	-	40,826,029	40,826,029
Due to related parties	3,777,000	-	3,777,000
Other payables and accrued expenses	14,927,127		14,927,127
	18,704,127	40,826,029	59,530,156

f. Fair value of financial instruments

Fair value measurements recognised in the statement of financial position
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Fund's investments in financial assets at FVTPL are classified within level 3 investments.

31 December 2013	**Level 3**
	US$
Financial assets at FVTPL	
Unquoted investments	444,284,879

31 December 2012	**Level 3**
	US$
Financial assets at FVTPL	
Unquoted investments	332,060,873

12. FINANCIAL RISK MANAGEMENT (continued)

f. Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets at FVTPL:

31 December 2013	**Financial assets at FVTPL**
	US $
As at 1 January 2013	332,060,873
Additions during the year	30,000,000
Total gains or losses on valuation (net)	86,868,804
Disposals during the year	(4,644,798)
Ending balance	444,284,879

31 December 2012	**Financial assets at FVTPL**
	US $
As at 1 January 2012	247,877,008
Additions during the year	15,750,000
Total gains or losses on valuation (net)	68,433,865
Ending balance	332,060,873

13. CONTINGENT LIABILITIES

During 2013, the Fund has given a guarantee for a term loan facility of USD 45,000,000 obtained by one of its investee company.

14. CAPITAL ACCOUNTS

Limited Partners	Ownership %	Total Commitments US$	Capital accounts at 31 December 2012 US$	Revised adjustment for the year 2012 US$	Revised Capital accounts at 31 December 2012 US$	Capital contributions during 2013 US$	Profit for the year 2013 US$	Late payment fee adjustment for the year 2013 US$	Capital accounts at 31 December 2013 US$
General Retirement and Social Insurance Authority, Qatar	5.86	9,852,000	22,334,056	(49,156)	22,284,900	-	3,513,092	81,666	25,879,658
Gulf Investment Corporation	9.28	20,000,000	22,666,409	872,277	23,538,686	10,000,000	5,564,395	(287,562)	38,815,519
Behbehani Investment Company	0.69	1,300,000	2,596,089	(6,770)	2,589,319	-	416,412	8,285	3,014,016
The Public Institution For Social Security	23.77	40,000,000	90,665,642	(199,469)	90,466,173	-	14,256,024	331,397	105,053,594
Yaqoub Behbehani	0.59	1,000,000	2,266,642	(4,988)	2,261,654	-	356,401	8,285	2,626,340
Petro Link Holding Company K.S.C.C	1.78	3,000,000	6,799,924	(14,960)	6,784,964	-	1,069,202	24,855	7,879,021
Kuwait Reinsurance Company K.S.C.C	1.19	2,000,000	4,533,282	(9,973)	4,523,309	-	712,801	16,570	5,252,680
Al Ahlia Insurance Company	1.78	3,000,000	6,799,923	(14,960)	6,784,963	-	1,069,202	24,855	7,879,020
Mohammed Ali Al-Naki	1.78	3,000,000	6,799,923	(14,960)	6,784,963	-	1,069,202	24,855	7,879,020
KGL Investment K.S.C.C	11.89	20,000,000	45,332,823	(99,735)	45,233,088	-	7,128,011	165,698	52,526,797
Kuwait Ports Authority	41.39	85,000,000	130,661,400	(457,306)	130,204,094	-	24,821,392	(398,904)	154,626,582
	100.00	**188,152,000**	**341,456,113**	-	**341,456,113**	**10,000,000**	**59,976,134**	-	**411,432,247**

The Port Fund Limited Partnership
Cayman Islands

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For the year ended 31 December 2014

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Financial statements and independent auditor's report
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The Investment Manager, General Partner and Professional Advisor of the Fund

Investment Manager:	KGL Investment Cayman Limited Walkers SPV Ltd Walkers House, 87 Mary Street, George Town Grand Cayman KY1-9002 Cayman Islands
General Partner:	Port Link GP Limited C/o Walkers SPV Ltd Walkers House, 87 Mary Street, George Town Grand Cayman KY1-9002 Cayman Islands
Bankers:	Al Ahli Bank of Kuwait Main Office, Kuwait City, Kuwait
Auditors:	BDO Al-Nisf & Partners P.O.Box: 25578 Safat 13116 Kuwait
Legal Advisors:	Walkers Dubai LLP 5th Floor, The Exchange Building Dubai International Finance Centre P.O.Box 506513 Dubai
Administrators:	TMF Mauritius Limited 3rd Floor, Raffles Tower 19 Cybercity Ebene, Republic of Mauritius

STATEMENT OF THE INVESTMENT MANAGER'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2014

The Investment Manager of the Fund is responsible for the preparation of the financial statements for each financial period in accordance with the Limited Partnership Agreement which give a true and fair view of the state of affairs of the Fund and of the net expenditure of the Fund for that year. In preparing those financial statements, the Investment Manager is required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and

The Investment Manager is responsible for keeping the proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Kuwait

INDEPENDENT AUDITOR'S REPORT TO THE LIMITED PARTNERS' OF THE PORT FUND LIMITED PARTNERSHIP (UNDER WINDING UP PROCESS)

Report on the Financial Statements

We have audited the accompanying financial statements of The Port Fund Limited Partnership ("the Fund") (UNDER WINDING UP PROCESS) which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Investment Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRSs"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (UNDER WINDING UP PROCESS) as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Qais M. Al-Nisf
License No. 38-A
BDO Al Nisf & Partners

Kuwait: 4 June 2015

The Port Fund Limited Partnership
Cayman Islands

Statement of financial position
As at 31 December 2014

	Note	2014 US$	2013 US$
Assets			
Cash and cash equivalents	5	787,843	13,974,120
Financial assets at fair value through profit or loss	6	464,284,879	444,284,879
Loans and receivables	7	-	20,000,000
Due from related party		4,722,246	5,177,516
Total assets		469,794,968	483,436,515
Liabilities			
Other payables and accrued expenses	9	7,108,990	7,299,205
Due to related party		20,148,203	8,885,000
Due to Investment Manager		50,877,155	55,820,063
Total liabilities		78,134,348	72,004,268
Net assets		391,660,620	411,432,247
Represented by:			
Fund capital		188,152,000	188,152,000
Retained earnings		203,508,620	223,280,247
Total equity		391,660,620	411,432,247

The accompanying notes on pages 8 to 17 form an integral part of these financial statements.

Soros

Investment Manager

The Port Fund Limited Partnership
Cayman Islands

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2014

	Note	2014 US$	2013 US$
Income			
Unrealised gain on financial assets at fair value through profit or loss (net)		-	86,868,804
Realised loss on sale of financial assets at fair value through profit or loss		-	(2,594,209)
Interest income		397,201	382,726
Other income		91,041	-
Total income		488,242	84,657,321
Expenses and charges			
Management fees	8	(2,822,280)	(3,022,280)
Success fees		-	(2,265,000)
Professional fees and charges		(286,307)	(2,777,015)
General and administrative expenses	10	(2,079,307)	(1,622,376)
Impairment loss of loans and receivables	7	(20,000,000)	-
Foreign exchange losses		(14,883)	(482)
Total expenses and charges		(25,202,777)	(9,687,153)
(Loss) / profit for the year		(24,714,535)	74,970,168
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(24,714, 535)	74,970,168
Attributable to investment manager *	8	(4,942,908)	14,994,034
Attributable to limited partners		(19,771,627)	59,976,134
		(24,714,535)	74,970,168

* The profit / (loss) allocation to the Investment Manager is as per S 4.2c of the Limited Partnership Agreement.

The accompanying notes on pages 8 to 17 form an integral part of these financial statements.

The Port Fund Limited Partnership
Cayman Islands

Statement of changes in equity
For the year ended 31 December 2014

	Fund capital US$	Retained earnings US$	Total equity US$
Balance at 31 December 2012	178,152,000	163,304,113	341,456,113
Capital contributions	10,000,000	-	10,000,000
Total comprehensive income for the year attributable to limited partners	-	59,976,134	59,976,134
Balance at 31 December 2013	188,152,000	223,280,247	411,432,247
Total comprehensive loss for the year attributable to limited partners	-	(19,771,627)	(19,771,627)
Balance at 31 December 2014	188,152,000	203,508,620	391,660,620

The accompanying notes on pages 8 to 17 form an integral part of these financial statements.

The Port Fund Limited Partnership
Cayman Islands

Statement of cash flows
For the year ended 31 December 2014

	Note	2014 US$	2013 US$
OPERATING ACTIVITIES			
(Loss) / profit for the year		(24,714,535)	74,970,168
Adjustments for:			
Unrealised gain on financial assets at fair value through profit or loss (net)		-	(86,868,804)
Realised loss on sale of financial assets at fair value through profit or loss		-	2,594,209
Interest income		(397,201)	(382,726)
Impairment loss of loans and receivables	7	20,000,000	-
		(5,111,736)	(9,687,153)
Changes in operating assets and liabilities:			
Capital contribution receivable		-	35,000,000
Due from/to related parties- net		12,115,449	5,422,245
Other payables and accrued expenses		(190,215)	(5,194,725)
Net cash from operating activities		6,813,498	25,540,367
INVESTING ACTIVITIES			
Investment in financial assets at fair value through profit or loss		(20,000,000)	(21,950,000)
Interest received		225	119
Net cash used in investing activities		(19,999,775)	(21,949,881)
FINANCING ACTIVITIES			
Capital contributions received		-	10,000,000
Net cash from financing activities		-	10,000,000
Net (decrease) / increase in cash and cash equivalents		(13,186,277)	13,590,486
Cash and cash equivalents at beginning of the year		13,974,120	383,634
Cash and cash equivalents at end of the year	5	787,843	13,974,120
<u>Non-cash transactions</u>			
Transfer of other short term loan to financial assets at FVTPL		-	8,050,000
Liquidation value of investment in MPC – GMO, offset against the obligation		-	2,050,589

The accompanying notes on pages 8 to 17 form an integral part of these financial statements.

1. GENERAL INFORMATION

The Port Fund Limited Partnership, ("the Fund") was established on 21 March 2007 and is registered as an exempt limited partnership in the Cayman Islands under the exempted Law (2003 Revision) of the Cayman Islands. The first closing acceptance of committed contributions was on 15 July 2007 and the final closing occurred on 31 December 2012.

The Fund will offer select sophisticated investors the opportunity to participate in the growth and consolidation of the port management industry and related sectors through selected private equity investments in high potential companies on a world wide basis.

The Port Link GP Limited ("General Partner") has appointed KGL Investment Cayman Limited ("Investment Manager") who is responsible for the preparation of the financial statements for each financial period in accordance with the Limited Partnership Agreement.

The term of the Fund ended on 31 December 2012, and by a resolution of the General Partner on 28 July 2012, the term of the Fund was extended for another period of two years till 31 December 2014.

These financial statements have been presented in United States Dollar (US$) which is the functional and presentation currency of the Fund.

These financial statements of the Fund for the year ended 31 December 2014 were authorized for issue by the General Partner and the Investment Manager on 4 June 2015.

2. GOING CONCERN CONSIDERATIONS

These financial statements have been prepared on net realisable basis as the Fund's term ended on 31 December 2014 and the Investment Manager is exiting the Fund's investments and winding up all its operations in 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared on net realisable basis and in accordance with International Financial Reporting Standards.

The significant accounting policies adopted are as follows:

Financial Instruments

Classification and measurement
The Fund classifies its financial assets as "financial assets at fair value through profit or loss" and "loans and receivables". Financial liabilities are classified as "other than at fair value through profit or loss". All financial instruments are initially recognised at its fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit or loss and other comprehensive income. The Investment Manager determines the appropriate classification of each instrument at the time of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)
Investments are classified as FVTPL where the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; or (ii) it is a part of an identified portfolio of financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at net realisable value, with any resultant gain or loss recognised in profit or loss in the statement of profit or loss and other comprehensive income. The net gain or loss recognised in the statement of profit or loss and other comprehensive income incorporates any dividend or interest earned on the financial asset.

Loans and receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at net realisable value. Loans and receivables include convertible loan, cash and cash equivalents and due from related party.

Cash and cash equivalents
Cash and cash equivalents comprise of cash and bank balances.

Financial Liabilities
Financial liabilities are classified as "other than at fair value through profit or loss". The Fund's financial liabilities consist of other payables and accrued expenses, due to related party and due to Investment Manager and are stated at estimated settlement amounts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Recognition and de-recognition
A financial asset or a financial liability is recognised when the Fund becomes a party to the contractual provisions of the instrument.

All 'regular way' purchase and sale of financial assets are recognized using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

A financial asset (in whole or in part) is derecognised when:
- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Individual impairment is identified at counterparty specific level; following objective evidence the financial asset is impaired. This may be after an interest or principal payment is defaulted or when a contract covenant is breached. The present value of estimated cash flow recoverable is determined after taking into account any security held.

The carrying amount of the financial asset is reduced by the impairment loss directly. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the original cost would have been had the impairment not been recognised.

Provisions

A provision is recognised in the statement of financial position when the Fund has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Gain on sale on investments is measured by the difference between the sale proceeds and the carrying amount of the investment at the date of disposal, and is recognized at the time of sale.

Management fees and performance fees are accrued when services are performed.

Accrued income

Accrued income is recognised at fair value.

Accrued expenses

Accrued expenses are recognized at cost.

Foreign currency translation

Foreign currency transactions are recorded in US$ at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US$ at the rate of exchange prevailing on the financial position date. Resulting gains or losses on exchange are recorded as part of the results for the year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

In the application of the Fund's accounting policies, which are described in note 3, the Investment Manager is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations (see below), that Investment Manager has made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY (continued)

Classification of investments
The classification of investments depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Fund classifies all its investments at financial assets at FVTPL.

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of financial assets
The Investment Manager reviews periodically items classified as loans and receivables to assess whether a provision for impairment should be recorded in the statement of profit or loss and other comprehensive income. The Investment Manager estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted investments requires significant estimation.

5. CASH AND CASH EQUIVALENTS

	2014	2013
	US$	US$
Bank balances	787,843	13,974,120

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	2014	2013
	US$	US$
Unquoted investments:		
Negros Navigation Corporation Inc. (NENACO)	101,506,612	101,506,612
Sabah Al-Ahmad Global Gateway Logistics City	362,778,267	342,778,267
	464,284,879	444,284,879

The unquoted securities amounting to US$ 464,284,879 are carried at net realisable value (2013: US$ 444,284,879 at fair value).

7. LOANS AND RECEIVABLES

	2014	2013
	US$	US$
Convertible loan	20,000,000	20,000,000
Less; impairment loss	(20,000,000)	-
Convertible loan (net)	-	20,000,000

8. RELATED PARTY TRANSACTIONS

Related parties are General Partner, Limited Partners, Investment Manager, Directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out in the normal course of business and with the approval of the management.

The related party transactions included in the financial statements are as follows:

	2014	2013
	US$	US$
Statement of profit or loss and other comprehensive income		
Income		
• Interest income	396,976	382,607
Expenses		
• Management fees	2,822,280	3,022,280

In accordance with the Limited Partnership Agreement, management fees representing 1.5% (2013: 1.5%) of the total capital commitments of the limited partners have been accrued to the Investment Manger, KGL Investments Cayman Limited.

In accordance with the Limited Partnership Agreement, 20% of the profit/(loss) for the year has been allocated to the Investment Manager KGL Investments Cayman Limited as performance fees.

9. OTHER PAYABLES AND ACCRUED EXPENSES

	2014	2013
	US$	US$
Capital contribution payable to MPC-GMO	6,660,292	6,660,292
Others	448,698	638,913
	7,108,990	7,299,205

10. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	US$	US$
Fund administration expenses	388,647	535,805
Consultancy and legal fees	1,305,106	272,179
Finance charges for MPC-GMO obligation	335,577	539,311
Others	49,977	275,081
	2,079,307	1,622,376

11. TAXATION

As per the Limited Partnership Agreement any tax liability arising from the activities of the Fund will be borne by Partners.

12. FINANCIAL RISK MANAGEMENT

The Fund primarily invests in equity related investments in port management companies that operate ports in the fastest growing regions of the world which are the developing markets of the Asia, Africa and the Middle East. The objective of the Fund is to achieve long term capital appreciation through investments in entrepreneurial companies demonstrating the potential for significant growth derived from products and services with international market appeal and demonstrate and sustainable competitive advantages. The Fund is exposed to a number of risks arising from the various financial instruments it holds. The main risk to which the Fund is exposed is; credit risk, market price risk, interest rate risk and liquidity risk. The risk management policies employed by the Fund to manage these risks are discussed below:

a. Market price risk

The Fund's unquoted investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Fund's advisor advises the Fund on the investments that have prospects to appreciate in value over the medium to long term period.
The advisor's recommendations are reviewed by the General Partner before the investment decisions are implemented. The performance of investments held by the Fund is monitored by the advisory committee on an ongoing basis and reviewed on a regular basis by the General Partner.

b. Currency risk

The Fund hold assets denominated in currencies other than US$, the functional and presentation currency of the Fund. However the Fund has no significant exposure to foreign currency risk. The Fund's policy is not to enter into any currency hedging transactions.

The table below summarizes the Fund's exposure to currency risks. Included in the tables are the Fund's assets and liabilities at fair values categorised by their base currencies:

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Notes to the financial statements
For the year ended 31 December 2014

12. FINANCIAL RISK MANAGEMENT (continued)

c. Concentration of assets and liabilities

As at 31 December 2014	**Other currencies**	**United States Dollars**	**Total**
	US$	US$	US$
Assets			
Financial assets at FVTPL	-	464,284,879	464,284,879
Due from related party	-	4,722,246	4,722,246
Cash and cash equivalents	341,256	446,587	787,843
Total assets	341,256	469,453,712	469,794,968
Liabilities			
Due to Investment Manager	-	(50,877,155)	(50,877,155)
Due to related party	-	(20,148,203)	(20,148,203)
Other payables and accrued expenses	-	(7,108,990)	(7,108,990)
Total net assets	341,256	391,319,364	391,660,620
As at 31 December 2013			
Assets			
Loans and receivables	-	20,000,000	20,000,000
Financial assets at FVTPL	-	444,284,879	444,284,879
Due from related party	-	5,177,516	5,177,516
Cash and cash equivalents	997,473	12,976,647	13,974,120
Total assets	997,473	482,439,042	483,436,515
Liabilities			
Due to investment manager	-	(55,820,063)	(55,820,063)
Due from related party	-	(8,885,000)	(8,885,000)
Other payables and accrued expenses	-	(7,299,205)	(7,299,205)
Total net assets	997,473	410,434,774	411,432,247

d. Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Interest income from Due from related party, may fluctuate in amount, in particular due to changes in the interest rates. Whilst the Fund seeks to optimise overall performance from the assets it holds, it does not seek to maximise interest income in view of its policy to focus on unquoted investments.

The following table analyses the interest rate composition of the Fund's net assets.

12. FINANCIAL RISK MANAGEMENT (continued)

d. Interest rate risk (continued)

	Interest bearing	Non-interest bearing	Total
	US$	US$	US$
As at 31 December 2014			
Financial assets at FVTPL	-	464,284,879	464,284,879
Cash and cash equivalents	-	787,843	787,843
Due from related party	4,722,246	-	4,722,246
Due to Investment Manager	-	(50,877,155)	(50,877,155)
Due to related party	-	(20,148,203)	(20,148,203)
Other payables and accrued expenses	-	(7,108,990)	(7,108,990)
	4,722,246	386,938,374	391,660,620
As at 31 December 2013			
Loans and receivables	-	20,000,000	20,000,000
Financial assets at FVTPL	-	444,284,879	444,284,879
Cash and cash equivalents	-	13,974,120	13,974,120
Due from related party	5,177,516	-	5,177,516
Due to Investment Manager	-	(55,820,063)	(55,820,063)
Due to related party	-	(8,885,000)	(8,885,000)
Other payables and accrued expenses	-	(7,299,205)	(7,299,205)
	5,177,516	406,254,731	411,432,247

e. Liquidity risk

The liquidity risk is that the Fund cannot meet its financial obligations when they fall due.

The liabilities of the Fund are comprised of other payables and accrued expenses, due to related party and due to Investment Manager and these liabilities fall due within 1 year from the financial position date, as these financial statements are prepared on a liquidity basis.

13. CONTINGENT LIABILITIES

The Fund has provided a guarantee for a term loan facility of USD 45,000,000 obtained by one of its investee company.

14. CAPITAL ACCOUNTS

Limited Partners	Ownership %	Total Commitments US$	Capital accounts at 31 December 2013 US$	Loss for the year 2014 US$	Capital accounts at 31 December 2014 US$
General Retirement and Social Insurance Authority, Qatar	5.86	9,852,000	25,879,658	(1,158,617)	24,721,041
Gulf Investment Corporation	9.28	20,000,000	38,815,519	(1,834,807)	36,980,712
Behbehani Investment Company	0.69	1,300,000	3,014,016	(136,424)	2,877,592
The Public Institution For Social Security	23.77	40,000,000	105,053,594	(4,699,716)	100,353,878
Yaqoub Behbehani	0.59	1,000,000	2,626,340	(116,653)	2,509,687
Petro Link Holding Company K.S.C.C	1.78	3,000,000	7,879,021	(351,935)	7,527,086
Kuwait Reinsurance Company K.S.C.C	1.19	2,000,000	5,252,680	(235,282)	5,017,398
Al Ahlia Insurance Company	1.78	3,000,000	7,879,020	(351,935)	7,527,085
Mohammed Ali Al-Naki	1.78	3,000,000	7,879,020	(351,935)	7,527,085
KGL Investment Company K.S.C.C	11.89	20,000,000	52,526,797	(2,350,847)	50,175,950
Kuwait Ports Authority	41.39	85,000,000	154,626,582	(8,183,476)	146,443,106
	100.00	**188,152,000**	**411,432,247**	**(19,771,627)**	**391,660,620**

BDO

The Port Fund Limited Partnership
Cayman Islands

Financial statements and independent auditor's report
For the year ended 31 December 2015

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The Investment Manager, General Partner and Professional Advisor of the Fund

Investment Manager:	KGL Investment Cayman Limited C/O Walkers Corporate Limited Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.
General Partner:	Port Link GP Limited C/O Walkers Corporate Limited Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.
Bankers:	Al Ahli Bank of Kuwait Main Office, Kuwait City, Kuwait
Auditors:	BDO Al-Nisf & Partners P.O. Box: 25578 Safat 13116 Kuwait
Legal Advisors:	Walkers Dubai LLP 5th Floor, The Exchange Building Dubai International Finance Centre P.O. Box 506513 Dubai
Administrators:	TMF Mauritius Limited 3rd Floor, Raffles Tower 19 Cybercity Ebene, Republic of Mauritius

STATEMENT OF THE INVESTMENT MANAGER'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2015

The Investment Manager of the Fund is responsible for the preparation of the financial statements for each financial period in accordance with the Limited Partnership Agreement which give a true and fair view of the state of affairs of the Fund and of the net expenditure of the Fund for that year. In preparing those financial statements, the Investment Manager is required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and

The Investment Manager is responsible for keeping the proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Kuwait

INDEPENDENT AUDITOR'S REPORT TO THE LIMITED PARTNERS OF THE PORT FUND LIMITED PARTNERSHIP (UNDER WINDING UP PROCESS)

Report on the Financial Statements

We have audited the accompanying financial statements of The Port Fund Limited Partnership ("the Fund") (UNDER WINDING UP PROCESS) which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

The Investment Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRSs"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (UNDER WINDING UP PROCESS) as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Emphasis of matter

As described in note 3 to the financial statements, the Fund's term has ended on 31 December 2014 and the Investment Manager is exiting the Fund's investments and operations in 2016. As a result, these financial statements have not been prepared on a going concern assumption. Our opinion is not qualified in respect of this matter.

Qais M. Al-Nisf
License No. 38-A
BDO Al Nisf & Partners
Kuwait: 24 March 2016

The Port Fund Limited Partnership
Cayman Islands

Statement of financial position
As at 31 December 2015

	Notes	2015 US$	2014 US$
Assets			
Bank balances		813,102	787,843
Financial assets at fair value through profit or loss	6	468,621,429	464,284,879
Due from a related party	7	3,551,979	4,722,246
Total assets		472,986,510	469,794,968
Liabilities			
Other payables and accrued expenses	8	4,137,159	7,108,990
Due to related parties	7	24,238,011	20,148,203
Due to Investment Manager	7	51,291,868	50,877,155
Total liabilities		79,667,038	78,134,348
Net assets		393,319,472	391,660,620
Represented by:			
Fund capital	13	188,152,000	188,152,000
Retained earnings		205,167,472	203,508,620
Total equity		393,319,472	391,660,620

The accompanying notes on pages 8 to 20 form an integral part of these financial statements.

Investment Manager

The Port Fund Limited Partnership
Cayman Islands

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

	Notes	2015 US$	2014 US$
Income			
Unrealised gain on financial assets at fair value through profit or loss (net)		4,246,550	-
Interest income		329,727	397,201
Other income		-	91,041
Total income		4,576,277	488,242
Expenses and other charges			
Management fees	7	-	(2,822,280)
General and administrative expenses	9	(2,488,611)	(2,365,614)
Impairment loss of loans and receivables		-	(20,000,000)
Foreign exchange losses		(14,101)	(14,882)
Total expenses and other charges		(2,502,712)	(25,202,776)
Profit / (loss) for the year		2,073,565	(24,714,534)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		2,073,565	(24,714,534)
Attributable to investment manager *	7	414,713	(4,942,907)
Attributable to limited partners		1,658,852	(19,771,627)
		2,073,565	(24,714,534)

* The profit / (loss) allocation to the Investment Manager is as per S 4.2c of the Limited Partnership Agreement.

The accompanying notes on pages 8 to 20 form an integral part of these financial statements.

The Port Fund Limited Partnership
Cayman Islands

Statement of changes in equity
For the year ended 31 December 2015

	Fund capital US$	Retained earnings US$	Total equity US$
Balance at 31 December 2013	188,152,000	223,280,247	411,432,247
Total comprehensive loss for the year attributable to limited partners	-	(19,771,627)	(19,771,627)
Balance at 31 December 2014	188,152,000	203,508,620	391,660,620
Total comprehensive income for the year attributable to limited partners	-	1,658,852	1,658,852
Balance at 31 December 2015	188,152,000	205,167,472	393,319,472

The accompanying notes on pages 8 to 20 form an integral part of these financial statements.

The Port Fund Limited Partnership
Cayman Islands

Statement of cash flows
For the year ended 31 December 2015

	Note	2015 US$	2014 US$
OPERATING ACTIVITIES			
Profit / (loss) for the year		2,073,565	(24,714,534)
Adjustments for:			
Unrealised gain on financial assets at fair value through profit or loss (net)		(4,246,550)	-
Interest income		(329,727)	(397,201)
Impairment loss of loans and receivables		-	20,000,000
		(2,502,712)	(5,111,735)
Changes in operating assets and liabilities:			
Due from / to related parties - net		5,589,723	12,115,449
Other payables and accrued expenses		(2,971,831)	(190,216)
Net cash from operating activities		115,180	6,813,498
INVESTING ACTIVITIES			
Addition to financial assets at fair value through profit or loss		(90,000)	(20,000,000)
Interest received		79	225
Net cash used in investing activities		(89,921)	(19,999,775)
Net increase / (decrease) in bank balances		25,259	(13,186,277)
Bank balances at beginning of the year		787,843	13,974,120
Bank balances at end of the year		813,102	787,843

The accompanying notes on pages 8 to 20 form an integral part of these financial statements.

1. GENERAL INFORMATION

The Port Fund Limited Partnership, ("the Fund") was established on 21 March 2007 and is registered as an exempt limited partnership in the Cayman Islands under the exempted Law (2003 Revision) of the Cayman Islands. The first closing acceptance of committed contributions was on 15 July 2007 and the final closing occurred on 31 December 2012.

The Fund offers select sophisticated investors the opportunity to participate in the growth and consolidation of the port management industry and related sectors through selected private equity investments in high potential companies on a world wide basis.

The Port Link GP Limited ("General Partner") has appointed KGL Investment Cayman Limited ("Investment Manager") who is responsible for the preparation of the financial statements for each financial period in accordance with the Limited Partnership Agreement.

TMF Mauritius Limited (formerly Equity Trust (Mauritius) Limited) are the Administrators of the Fund. The Administrator carries out services related to the administration of the Fund including maintaining proper books and records of the Fund and preparing financial statements of the Fund.

The term of the Fund ended on 31 December 2012, and by a resolution of the General Partner on 28 July 2012, the term of the Fund was extended for another period of two years till 31 December 2014.

The registered office of the Fund is at Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

These financial statements of the Fund for the year ended 31 December 2015 were authorized for issue by the General Partner and the Investment Manager on 24 March 2016.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

a) New standards, interpretations and amendments effective from 1 January 2015

The accounting policies applied by the Fund are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards:

- Annual Improvements to IFRSs 2010-2012 Cycle and 2011 – 2013 Cycle
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

These amendments became effective on 1 July 2014. The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

b) Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Fund:

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

b) Standards and interpretations issued but not effective (continued)

IFRS 9 - Financial Instruments
The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The directors of the Fund anticipate that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Fund's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Fund undertakes a detailed review.

IFRS 15 - Revenue from contracts with customers
The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

The Fund is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 1 – Disclosure Initiative
The amendments to this standard which are effective for annual periods beginning on or after 1 January 2016 clarify some judgments used in the presentation of financial reports. The amendments make changes about:

- *Materiality*, where it clarifies that, (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- *Statement of financial position and statement of profit or loss and other comprehensive income*, where they (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant. They introduce additional guidance on subtotals in these statements as well, and (2) clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- *Notes*, where they add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.

These amendments are not expected to have any material impact to the Fund.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

b) Standards and interpretations issued but not effective (continued)

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization
The amendments, effective prospectively for annual periods beginning on or after 1 January 2016, clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. These amendments are not expected to have any material impact to the Fund.

Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception
The amendments to these standards which are effective for annual periods beginning on or after 1 January 2016 confirm that the exemption from preparing consolidated financial statements under IFRS 10 continues to be available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. However, if a subsidiary provides investment-related services or activities to the investment entity, it should be consolidated. The amendments clarify that this exception only applies to subsidiaries that are not themselves investment entities and whose main purpose are to provide services and activities that are related to the investment activities of the investment entity parent. All other subsidiaries of an investment entity should be measured at fair value.

Consequential amendments have been made to IAS 28 to confirm that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity, even if the investment entity parent measures all its subsidiaries at fair value. IAS 28 has been also amended to permit an entity to retain the fair value measurement applied by an associate or joint venture that is an investment entity to its interests in subsidiaries rather than applying uniform accounting policies.

Amendments to IFRS 12 clarified that an investment entity that measures all its subsidiaries at fair value should provide the IFRS 12 disclosures related to investment entities. These amendments are not expected to have any material impact to the Fund.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Fund.

3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on net realisable basis as the Fund's term ended on 31 December 2014 and the Investment Manager is exiting the Fund's investments and winding up all its operations during 2016.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance

The financial statements of the Fund have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), IFRIC interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Fund's management to exercise judgment in applying the Fund's accounting policies. The areas of significant judgments and estimates made in preparing the financial statements and their effect are disclosed in note 5.

4.2 Basis of preparation

The financial statements have been prepared under liquidation basis (Note 3), accordingly the assets and liabilities have been measured at their estimated net realisable values and estimated settlement amounts, respectively.

These financial statements have been presented in United States Dollar (US$) which is the functional and presentation currency of the Fund.

4.3 Financial Instruments

Classification and measurement
The Fund classifies its financial assets as "financial assets at fair value through profit or loss" and "loans and receivables". Financial liabilities are classified as "other than at fair value through profit or loss". All financial instruments are initially recognised at its fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit or loss and other comprehensive income. The Investment Manager determines the appropriate classification of each instrument at the time of acquisition.

Financial assets at fair value through profit or loss (FVTPL)
Investments are classified as FVTPL where the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; or (ii) it is a part of an identified portfolio of financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial Instruments (continued)

Financial assets at FVTPL are stated at net realisable value, with any resultant gain or loss recognised in the statement of profit or loss and other comprehensive income. The net gain or loss recognised in the statement of profit or loss and other comprehensive income incorporates any dividend or interest earned on the financial asset.

Loans and receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at net realisable value. Loans and receivables include bank balances and due from a related party.

Bank balances
Bank balances included in the statement of financial position and the statement of cash flows consist of current accounts in banks.

Derecognition of financial assets
The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Individual impairment is identified at counterparty specific level; following objective evidence the financial asset is impaired. This may be after an interest or principal payment is defaulted or when a contract covenant is breached. The present value of estimated cash flow recoverable is determined after taking into account any security held.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial Instruments (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the original cost would have been had the impairment not been recognised.

Financial Liabilities
Financial liabilities are classified as "other than at fair value through profit or loss". The Fund's financial liabilities consist of other payables and accrued expenses, due to a related party and due to Investment Manager and are stated at estimated settlement amounts.

Other payables and accrued expenses
Other payables and accrued expenses are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offseting
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.4 Provisions

A provision is recognised in the statement of financial position when the Fund has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined term of payment and excluding tax or duty.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4.6 Foreign currency translation

Functional and presentation currency
The financial statements are presented in United States Dollar ("USD") which is the functional and presentation currency of the Fund. The Fund determines its own functional currency and items included in the financial statements are measured using that functional currency.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Fund, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in statement of profit or loss and other comprehensive income. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the application of the Fund's accounting policies, which are described in note 4, the Investment Manager is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations (see below), that Investment Manager has made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Classification of investments
The classification of investments depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Fund classifies all its investments at financial assets at FVTPL.

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of financial assets
The Investment Manager reviews periodically items classified as loans and receivables to assess whether a provision for impairment should be recorded in the statement of profit or loss and other comprehensive income. The Investment Manager estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted investments requires significant estimation.

The Port Fund Limited Partnership
Cayman Islands

Notes to the financial statements
For the year ended 31 December 2015

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	2015	2014
	US$	US$
Unquoted investments:		
Negros Navigation Corporation Inc. (NENACO)	102,602,217	101,506,612
Sabah Al-Ahmad Global Gateway Logistics City	366,019,212	362,778,267
	468,621,429	464,284,879

The unquoted securities amounting to US$ 468,621,429 are carried at net realisable value (2014: US$ 464,284,879).

The investment in Negros Navigation Corporation Inc. (NENACO) is carried at net realisable value determined based on the expected sales price less estimated costs to sell. The expected sales price was determined by management based on several ongoing negotiations with the potential buyers. The management also obtained an independent third party valuation report prepared by using pricing models and discounted cash flow techniques that are based on non-observable market prices.

The investment in Sabah Al-Ahmad Global Gateway Logistics City is carried at net realisable value after considering illiquidity discount and based on the expected sales price less estimated costs to sell. The expected sales price was determined by management based on ongoing negotiations with the potential buyers. The management also obtained an independent third party valuation report prepared by using pricing models and discounted cash flow techniques that are based on non-observable market prices.

7. RELATED PARTY TRANSACTIONS

Related parties are General Partner, Limited Partners, Investment Manager, Directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out in the normal course of business and with the approval of the management.

The related party balances and transactions included in the financial statements are as follows:

	2015	2014
Statement of financial position	US$	US$
Due from a related party - KGL Investment Company K.S.C.C.		
- Outstanding capital commitments	690,785	2,190,700
- Accrued interest on outstanding commitments	2,861,194	2,531,546
	3,551,979	4,722,246
Due to a related party	24,238,011	20,148,203
Due to Investment Manager	51,291,868	50,877,155

	2015	2014
	US$	US$
Statement of profit or loss and other comprehensive income		
Income		
• Interest income	329,648	396,976
Expenses		
• Management fees	-	2,822,280
Contingent liabilities (note 12)	45,000,000	45,000,000

The Port Fund Limited Partnership
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Notes to the financial statements
For the year ended 31 December 2015

7. RELATED PARTY TRANSACTIONS (Continued)

In accordance with the Limited Partnership Agreement, the Fund manager is not eligible for management fees after Fund's life time period. No management fees were charged during 2015.

In accordance with the Limited Partnership Agreement, 20% of the profit / (loss) for the year has been allocated to the Investment Manager KGL Investments Cayman Limited as performance fees.

Due from a related party balance carried interest of 8% per annum (2014: 8%) and receivable on demand.

Due to a related party is non-interest bearing and payable on demand. Amounts due to investment manager are payable upon the exits of investments and the liquidation of the Fund.

8. OTHER PAYABLES AND ACCRUED EXPENSES

	2015	2014
	US$	US$
Payable to MPC - GMO	3,226,315	6,660,292
Accrued expenses	910,844	448,698
	4,137,159	7,108,990

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	US$	US$
Fund administration expenses	40,000	388,647
Consultancy and legal fees	1,640,635	1,591,413
Finance charges for MPC - GMO obligation	774,452	335,577
Others	33,524	49,977
	2,488,611	2,365,614

10. TAXATION

As per the Limited Partnership Agreement any tax liability arising from the activities of the Fund will be borne by Partners.

11. FINANCIAL RISK MANAGEMENT

The Fund primarily invests in equity related investments in port management companies that operate ports in the fastest growing regions of the world which are the developing markets of the Asia, Africa and the Middle East. The objective of the Fund is to achieve long term capital appreciation through investments in entrepreneurial companies demonstrating the potential for significant growth derived from products and services with international market appeal and demonstrate and sustainable competitive advantages. The Fund is exposed to a number of risks arising from the various financial instruments it holds. The main risk to which the Fund is exposed is; market risk (including credit risk, market price risk, interest rate risk) and liquidity risk. The risk management policies employed by the Fund to manage these risks are discussed below:

The Port Fund Limited Partnership
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Notes to the financial statements
For the year ended 31 December 2015

11. FINANCIAL RISK MANAGEMENT (Continued)

a. Market risk

Market price risk

The Fund's unquoted investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Fund's advisor advises the Fund on the investments that have prospects to appreciate in value over the medium to long term period.

The advisor's recommendations are reviewed by the General Partner before the investment decisions are implemented. The performance of investments held by the Fund is monitored by the advisory committee on an ongoing basis and reviewed on a regular basis by the General Partner.

Currency risk

The Fund hold assets denominated in currencies other than US$, the functional and presentation currency of the Fund. However the Fund has no significant exposure to foreign currency risk. The Fund's policy is not to enter into any currency hedging transactions. The table below summarizes the Fund's exposure to currency risks. Included in the tables are the Fund's assets and liabilities at fair values categorised by their base currencies:

Concentration of assets and liabilities

As at 31 December 2015	**Other currencies**	**United States Dollars**	**Total**
	US$	US$	US$
Assets			
Bank balances	293,001	520,101	813,102
Financial assets at FVTPL	-	468,621,429	468,621,429
Due from a related party	-	3,551,979	3,551,979
Total assets	293,001	472,693,509	472,986,510
Liabilities			
Other payables and accrued expenses	-	(4,137,159)	(4,137,159)
Due to related parties	-	(24,238,011)	(24,238,011)
Due to Investment Manager	-	(51,291,868)	(51,291,868)
Total net assets	293,001	393,026,471	393,319,472
As at 31 December 2014			
Assets			
Bank balances	341,256	446,587	787,843
Financial assets at FVTPL	-	464,284,879	464,284,879
Due from a related party	-	4,722,246	4,722,246
Total assets	341,256	469,453,712	469,794,968
Liabilities			
Other payables and accrued expenses	-	(7,108,990)	(7,108,990)
Due from a related party	-	(20,148,203)	(20,148,203)
Due to investment manager	-	(50,877,155)	(50,877,155)
Total net assets	341,256	391,319,364	391,660,620

The Port Fund Limited Partnership
Cayman Islands

Notes to the financial statements
For the year ended 31 December 2015

11. FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Interest income from Due from a related party, may fluctuate in amount, in particular due to changes in the interest rates. Whilst the Fund seeks to optimise overall performance from the assets it holds, it does not seek to maximise interest income in view of its policy to focus on unquoted investments.

The following table analyses the interest rate composition of the Fund's net assets.

	Interest bearing	Non-interest bearing	Total
	US$	US$	US$
As at 31 December 2015			
Bank balances	-	813,102	813,102
Financial assets at FVTPL	-	468,621,429	468,621,429
Due from a related party	3,551,979	-	3,551,979
Other payables and accrued expenses	-	(4,137,159)	(4,137,159)
Due to related parties	-	(24,238,011)	(24,238,011)
Due to Investment Manager	-	(51,291,868)	(51,291,868)
	3,551,979	389,767,493	393,319,472
As at 31 December 2014			
Bank balances	-	787,843	787,843
Financial assets at FVTPL	-	464,284,879	464,284,879
Due from a related party	4,722,246	-	4,722,246
Other payables and accrued expenses	-	(7,108,990)	(7,108,990)
Due to a related party	-	(20,148,203)	(20,148,203)
Due to Investment Manager	-	(50,877,155)	(50,877,155)
	4,722,246	386,938,374	391,660,620

b. Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting commitments associated with financial liabilities, arises because of the possibility (which may often be remote) that the entity could be required to pay its liabilities earlier than expected.

The liabilities of the Fund are comprised of other payables and accrued expenses, due to a related party and due to Investment Manager and these liabilities fall due within 1 year from the financial position date, as these financial statements are prepared on a liquidation basis.

12. CONTINGENT LIABILITIES

The Fund has provided a guarantee for a term loan facility of USD 45,000,000 (2014: USD 45,000,000) obtained by one of its investee company.

The Port Fund Limited Partnership
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Notes to the financial statements
For the year ended 31 December 2015

13. CAPITAL ACCOUNTS

Limited Partners	Ownership %	Total Commitments (Fund capital) US$	Capital accounts at 31 December 2014 US$	Profit for the year 2015 US$	Capital accounts at 31 December 2015 US$
General Retirement and Social Insurance Authority, Qatar	5.86	9,852,000	24,721,041	97,209	24,818,250
Gulf Investment Corporation	9.28	20,000,000	36,980,712	153,941	37,134,653
Behbehani Investment Company	0.69	1,300,000	2,877,592	11,446	2,889,038
The Public Institution For Social Security	23.77	40,000,000	100,353,878	394,309	100,748,187
Yaqoub Behbehani	0.59	1,000,000	2,509,687	9,787	2,519,474
Petro Link Holding Company K.S.C.C	1.78	3,000,000	7,527,086	29,528	7,556,614
Kuwait Reinsurance Company K.S.C.C	1.19	2,000,000	5,017,398	19,740	5,037,138
Al Ahlia Insurance Company	1.78	3,000,000	7,527,085	29,528	7,556,613
Mohammed Ali Al-Naki	1.78	3,000,000	7,527,085	29,528	7,556,613
KGL Investment Company K.S.C.C	11.89	20,000,000	50,175,950	197,237	50,373,187
Kuwait Ports Authority	41.39	85,000,000	146,443,106	686,599	147,129,705
	100.00	**188,152,000**	**391,660,620**	**1,658,852**	**393,319,472**

The Port Fund Limited Partnership
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The Investment Manager, General Partner and Professional Advisor of the Fund

Investment Manager:	KGL Investment Cayman Limited C/O Walkers Corporate Limited Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.	
General Partner:	Port Link GP Limited C/O Walkers Corporate Limited Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.	
Bankers:	Al Ahli Bank of Kuwait Main Office, Kuwait City, Kuwait	
Joint auditors:	BDO Al-Nisf & Partners P.O. Box: 25578 Safat 13116 Kuwait	Moore Stephens Al-Bahar & Co PO Box 4090 Safat 13041 Kuwait
Legal Advisors:	Walkers Dubai LLP 5th Floor, The Exchange Building Dubai International Finance Centre P.O. Box 506513 Dubai	
Administrators:	TMF Mauritius Limited 3rd Floor, Standard Chartered Tower 19 Cybercity Ebene, Republic of Mauritius	

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INDEPENDENT AUDITORS' REPORT

To the limited partners of The Port Fund Limited Partnership (Under winding up process)
Cayman Islands

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Port Fund Limited Partnership (the "Fund") (Under winding up process), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund (Under winding up process) as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter
As described in Note 3 to the financial statements, the Fund's term has ended on 31 December 2014 and the Investment Manager is exiting the Fund's investments and operations in 2017. As a result, these financial statements have not been prepared on a going concern assumption. Our opinion is not qualified in respect of this matter.

Responsibilities of Investment Manager for the Financial Statements
The Investment Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as Investment Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Investment Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Investment Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

BDO | MOORE STEPHENS

INDEPENDENT AUDITORS' REPORT

To the limited partners of The Port Fund Limited Partnership (Under winding up process)
Cayman Islands

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Investment Manager.
- Conclude on the appropriateness of Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Investment Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Qais M. Al-Nisf	**Dr. Hussah Al Bahar**
License No. 38-A	**License No. 66 "A"**
BDO Al Nisf & Partners	**Moore Stephens Al-Bahar & Co**

Kuwait 15 May 2017

The Port Fund Limited Partnership
Cayman Islands

Statement of financial position
As at 31 December 2016

	Notes	2016 US$	2015 US$
Assets			
Bank balances		2,058,885	813,102
Financial assets at fair value through profit or loss	6	407,560,192	468,621,429
Due from related parties	7	2,161,632	3,551,979
Total assets		411,780,709	472,986,510
Liabilities			
Other payables and accrued expenses	8	1,088,457	4,137,159
Due to related parties	7	-	24,238,011
Due to Investment Manager	7	50,508,050	51,291,868
Total liabilities		51,596,507	79,667,038
Net assets attributable to limited partners		360,184,202	393,319,472
Represented by:			
Fund capital	9	158,152,000	188,152,000
Retained earnings		202,032,202	205,167,472
Net assets		360,184,202	393,319,472

Investment Manager

The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

The Port Fund Limited Partnership
Cayman Islands

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Notes	2016 US$	2015 US$
Income			
Unrealised (loss)/gain on financial assets at fair value through profit or loss		(11,168,828)	4,246,550
Realised gain on sale of financial assets at fair value through profit or loss	6	9,486,615	-
Interest income		-	329,727
Other income		506,805	-
		(1,175,408)	4,576,277
Expenses			
General and administrative expenses	10	(2,743,178)	(2,488,611)
Foreign exchange losses		(502)	(14,101)
		(2,743,680)	(2,502,712)
(Loss)/profit for the year		(3,919,088)	2,073,565
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(3,919,088)	2,073,565
Attributable to Investment Manager *	7	(783,818)	414,713
Attributable to Limited Partners	9	(3,135,270)	1,658,852
		(3,919,088)	2,073,565

* The profit allocation to the Investment Manager is as per S 4.2c of the Limited Partnership Agreement.

The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

The Port Fund Limited Partnership
Cayman Islands

Statement of changes in Net assets attributable to limited partners
For the year ended 31 December 2016

	Fund capital US$	Retained earnings US$	Net Assets attributable to limited partners US$
Balance at 1 January 2015	188,152,000	203,508,620	391,660,620
Total comprehensive income for the year attributable to limited partners	-	1,658,852	1,658,852
Balance at 31 December 2015	188,152,000	205,167,472	393,319,472
Total comprehensive income for the year attributable to limited partners	-	(3,135,270)	(3,135,270)
Distribution of capital during the year (Note 9)	(30,000,000)	-	(30,000,000)
Balance at 31 December 2016	158,152,000	202,032,202	360,184,202

The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

The Port Fund Limited Partnership
Cayman Islands

Statement of cash flows
For the year ended 31 December 2016

	Note	2016 US$	2015 US$
OPERATING ACTIVITIES			
(Loss)/profit for the year		(3,919,088)	2,073,565
Adjustments for:			
Unrealised loss/(gain) on financial assets at fair value through profit or loss		11,168,828	(4,246,550)
Realised gain on financial assets at fair value through profit or loss		(9,486,615)	-
Interest income		-	(329,727)
		(2,236,875)	(2,502,712)
Changes in working capital:			
Financial assets at fair value through profit or loss		59,379,024	(90,000)
Due from / to related parties – net		(22,847,664)	5,589,723
Other payables and accrued expenses		(3,048,702)	(2,971,831)
Net cash from operating activities		31,245,783	25,180
INVESTING ACTIVITIES			
Interest income received		-	79
Net cash from investing activities		-	79
FINANCING ACTIVITES			
Distribution of capital	9	(30,000,000)	-
Net cash used in financing activities		(30,000,000)	-
Net increase in bank balances		1,245,783	25,259
Bank balances at the beginning of the year		813,102	787,843
Bank balances at the end of the year		2,058,885	813,102

The accompanying notes on pages 8 to 21 form an integral part of these financial statements.

1. GENERAL INFORMATION

The Port Fund Limited Partnership, ("the Fund") was established on 21 March 2007 and is registered as an exempt limited partnership in the Cayman Islands under the exempted Law (2003 Revision) of the Cayman Islands. The first closing acceptance of committed contributions was on 15 July 2007 and the final closing occurred on 31 December 2012.

The Fund offers select sophisticated investors the opportunity to participate in the growth and consolidation of the port management industry and related sectors through selected private equity investments in high potential companies on a world wide basis.

The Port Link GP Limited ("General Partner") has appointed KGL Investment Cayman Limited ("Investment Manager") who is responsible for the preparation of the financial statements for each financial period in accordance with the Limited Partnership Agreement.

TMF Mauritius Limited (formerly Equity Trust (Mauritius) Limited) are the Administrators of the Fund. The Administrator carries out services related to the administration of the Fund including maintaining proper books and records of the Fund and preparing financial statements of the Fund.

The term of the Fund ended on 31 December 2012, and by a resolution of the General Partner on 28 July 2012, the term of the Fund was extended for another period of two years till 31 December 2014.

The registered office of the Fund is at Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

These financial statements of the Fund for the year ended 31 December 2016 were authorized for issue by the General Partner and the Investment Manager on 15 May 2017.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) New standards, interpretations and amendments effective from 1 January 2016

The accounting policies applied by the Fund are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standards:

- Annual Improvements to IFRSs – 2012 – 2014 Cycle:

These amendments became effective on 1 January 2016. The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

b) Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Fund:

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

b) Standards and interpretations issued but not effective (continued)

IFRS 9 - Financial Instruments
The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Directors of the Fund anticipate that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Fund's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Fund undertakes a detailed review.

IFRS 15 - Revenue from contracts with customers
The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:
- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 - Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

The Fund is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 - Leases
This standard will be effective for annual periods beginning on or after 1 January 2019. This standard will be replacing IAS 17 "Leases" and will require lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17 with limited exceptions for low-value assets and short term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term.

These amendments are not expected to have any material impact to the Fund.

Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses
The amendments to this standard which are effective retrospectively for annual periods beginning on or after 1 January 2017 clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments are not expected to have any material impact to the Fund.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

b) Standards and interpretations issued but not effective (continued)

Amendment to IAS 7 – Disclosure Initiative
The amendment to this standard which is effective prospectively for annual periods beginning on or after 1 January 2017 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liability arising from financing activities, including both changes arising from cash flows and non-cash changes, early application of this amendment is permitted.

These amendments are not expected to have any material impact to the Fund.

Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions
This standard will be effective for annual periods beginning on or after 1 January 2018, The amendments
address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

These amendments are not expected to have any material impact to the Fund.

3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on net realisable basis as the Fund's term ended on 31 December 2014 and the Investment Manager is exiting the Fund's investments and winding up all its operations during 2017.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of compliance

The financial statements of the Fund have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), IFRIC interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Fund's management to exercise judgment in applying the Fund's accounting policies. The areas of significant judgments and estimates made in preparing the financial statements and their effect are disclosed in Note 5.

4.2 Basis of preparation

The financial statements have been prepared under liquidation basis (Note 3), accordingly the assets and liabilities have been measured at their estimated net realisable values and estimated settlement amounts, respectively.

These financial statements have been presented in United States Dollar (US$) which is the functional and presentation currency of the Fund.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial assets

Classification, initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as "loans and receivables", "financial assets at fair value through profit or loss" ("FVTPL"), "Held-to-maturity investments", "financial assets available for sale" ("AFS"). The classification depends on the purpose for which financial assets were acquired and it is determined at initial recognition.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss.

A "regular way" purchase of financial assets is recognised using the trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

The Fund's financial assets include bank balances, financial assets at fair value through profit or loss and due from related parties

The Fund has not classified any of its financial assets as financial assets available for sale or held to maturity.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Bank balances
Bank balances included in the statement of financial position and the statement of cash flows consist of current accounts in banks.

Financial assets at fair value through profit or loss (FVTPL)
Investments are classified as FVTPL where the financial asset is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; or (ii) it is a part of an identified portfolio of financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at net realisable value, with any resultant gain or loss recognised in the statement of profit or loss and other comprehensive income. The net gain or loss recognised in the statement of profit or loss and other comprehensive income incorporates any dividend or interest earned on the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial assets (continued)

Subsequent measurement (continued)

Loans and receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at net realisable value. Loans and receivables include bank balances and due from a related party.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets classified as financial assets available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

When a financial asset available for sale is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Derecognition of financial assets
The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4.4 Financial Liabilities

Financial liabilities are classified as "other than at fair value through profit or loss". The Fund's financial liabilities consist of other payables and accrued expenses, due to related parties and due to Investment Manager and are stated at estimated settlement amounts.

Other payables and accrued expenses
Other payables and accrued expenses are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Financial Liabilities (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

4.5 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

A provision is recognised in the statement of financial position when the Fund has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined term of payment and excluding tax or duty.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4.8 Foreign currency translation

Functional and presentation currency
The financial statements are presented in United States Dollar ("USD") which is the functional and presentation currency of the Fund. The Fund determines its own functional currency and items included in the financial statements are measured using that functional currency.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Fund, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in statement of profit or loss and other comprehensive income. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTY

In the application of the Fund's accounting policies, which are described in Note 4, the Investment Manager is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations (see below), that Investment Manager has made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Classification of investments
The classification of investments depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Fund classifies all its investments at financial assets at FVTPL.

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of financial assets
The Investment Manager reviews periodically items classified as loans and receivables to assess whether a provision for impairment should be recorded in the statement of profit or loss and other comprehensive income. The Investment Manager estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty.

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted investments requires significant estimation.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	US$	US$
Unquoted investments:		
Negros Navigation Corporation Inc. (NENACO)	-	102,602,217
Sabah Al-Ahmad Global Gateway Logistics City	407,560,192	366,019,212
	407,560,192	468,621,429

During the year, the Fund sold its investment in Negros Navigation Corporation Inc. (NENACO) and realised a gain of USD 9,486,615 for the year ended 31 December 2016.

The investment in Sabah Al-Ahmad Global Gateway Logistics City (SAGGLC) is carried at net realizable value based on the expected sales price less estimated costs to sell. The expected sales price was determined by management based on ongoing negotiations and proposals obtained from the potential buyers.

7. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties are General Partner, Limited Partners, Investment Manager, Directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out in the normal course of business and with the approval of the management.

The related party balances and transactions included in the financial statements are as follows:

	2016	2015
Statement of financial position	US$	US$
Due from related parties		
- KGL Investment Company K.S.C.C.		
- Outstanding capital commitments	-	690,785
- Accrued interest on prior outstanding commitments	2,161,632	2,861,194
	2,161,632	3,551,979
Due to related parties	-	24,238,011
Due to Investment Manager	50,508,050	51,291,868

	2016	2015
	US$	US$
Statement of profit or loss and other comprehensive income		
Income		
• Interest income	-	329,727
• Contingent liabilities (Note 14)	-	45,000,000

7. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

In accordance with the Limited Partnership Agreement, the Fund manager is not entitled to management fees after Fund's life time period. No management fees were charged during 2016 and 2015.

In accordance with the Limited Partnership Agreement, 20% of the (loss)/profit for the year has been allocated to the Investment Manager KGL Investments Cayman Limited as performance fees.

Amounts due to Investment Manager are payable upon the exits of investments and the liquidation of the Fund. Amounts due from related parties are receivable on demand.

Amounts due from/to related parties are free of interest.

8. OTHER PAYABLES AND ACCRUED EXPENSES

	2016	2015
	US$	US$
Payable to MPC - GMO	-	3,226,315
Accrued expenses	1,088,457	910,844
	1,088,457	4,137,159

During the year the Fund settled the MPL GMO liabilities in full.

9. CAPITAL

Limited Partners	Ownership %	Total commitments (Fund capital) US$	Capital accounts at 31 December 2015 US$	Distribution of capital during 2016 US$	Loss for the year 2016 US$	Capital accounts at 31 December 2016 US$
General Retirement and Social Insurance Authority, Qatar	5.86	9,852,000	24,818,250	(1,892,984)	(183,727)	22,741,539
Gulf Investment Corporation	9.28	20,000,000	37,134,653	(2,832,404)	(290,953)	34,011,296
Behbehani Investment Company	0.69	1,300,000	2,889,038	(220,358)	(21,633)	2,647,047
The Public Institution For Social Security	23.77	40,000,000	100,748,187	(7,684,455)	(745,254)	92,318,478
Yaqoub Behbehani	0.59	1,000,000	2,519,474	(192,170)	(18,498)	2,308,806
Petro Link Holding Company K.S.C.C	1.78	3,000,000	7,556,614	(576,372)	(55,808)	6,924,434
Kuwait Reinsurance Company K.S.C.C	1.19	2,000,000	5,037,138	(384,202)	(37,310)	4,615,626
Al Ahlia Insurance Company	1.78	3,000,000	7,556,613	(576,372)	(55,808)	6,924,433
Mohammed Ali Al-Naki	1.78	3,000,000	7,556,613	(576,372)	(55,808)	6,924,433
KGL Investment Company K.S.C.C	11.89	20,000,000	50,373,187	(3,842,158)	(372,783)	46,158,246
Kuwait Ports Authority	41.39	85,000,000	147,129,705	(11,222,153)	(1,297,688)	134,609,864
	100.00	188,152,000	393,319,472	(30,000,000)	(3,135,270)	360,184,202

10. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
	US$	US$
Consultancy and legal fees	2,525,789	1,640,635
Fund administration expenses	54,000	40,000
Finance charges for MPC - GMO obligation	17,714	774,452
Others	145,675	33,524
	2,743,178	2,488,611

11. TAXATION

As per the Limited Partnership Agreement any tax liability arising from the activities of the Fund will be borne by Partners.

12. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Fund primarily invests in equity related investments in port management companies that operate ports in the fastest growing regions of the world which are the developing markets of the Asia, Africa and the Middle East. The objective of the Fund is to achieve long term capital appreciation through investments in entrepreneurial companies demonstrating the potential for significant growth derived from products and services with international market appeal and demonstrate and sustainable competitive advantages.

The Fund's activities expose it to variety of financial risks: e.g. market risk (i.e. foreign currency risk and interest rate risk), credit risk and liquidity risk. The Fund policies for reducing each of the risks are discussed below. The Fund does not use derivative financial instruments based on future speculations.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 4 to the financial statements.

a. Market risk

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency rates. The Fund undertakes certain transactions denominated in foreign currencies. Hence, exposures to currency rate fluctuations arise. The management monitors the positions on a daily basis to ensure positions are maintained within established limits. The Fund has no significant exposure to foreign currency risk from its non-financial assets.

The carrying amounts of the Fund's major foreign currency denominated financial assets at the financial position date are as follows:

	2016	2015
	US$ (equivalent)	US$ (equivalent)
Foreign currencies	267,519	293,001

12. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

b. Market risk (Continued)

Foreign currency risk (Continued)
The table below indicates the Fund''s foreign exchange exposure as at 31 December, as a result of its financial assets. The analysis calculates the effect of a reasonably possible movement of the US$ currency rate against the foreign currencies, with all other variables held constant, on the profit for the year and equity (due to the fair value of currency sensitive financial assets).

	Change in currency rate %	Effect on profit for the year and equity	
		2016	2015
		US$	US$
Foreign currencies	+5%	13,376	14,650

The effect of decrease in currency rate is expected to be equal and opposite to the effect of the increases shown above.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to interest rate risk as it does not have any floating interest bearing assets or liabilities.

c. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation and arises principally from outstanding trade receivables, bank balances and committed transactions. The Fund seeks to limit its credit risk with respect to receivables by setting credit limits for individual customers and monitoring outstanding receivables on a regular basis. Normal credit terms for customers range up to one month. The Fund seeks to limit its credit risk with respect to bank balances by dealing with reputable banks and financial institutions.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum net exposure to credit risk by class of assets at the reporting date is as follows:

	2016	2015
	US$	US$
Bank balances	2,058,885	813,102
Due from related parties	2,161,632	3,551,979
	4,220,517	4,365,081

12. FINANCIAL RISK AND CAPITAL MANAGEMENT (Continued)

d. Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting commitments associated with financial liabilities, arises because of the possibility (which may often be remote) that the entity could be required to pay its liabilities earlier than expected.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the Fund's undiscounted financial liabilities at 31 December based on contractual undiscounted repayment obligations. Undiscounted cash flows in respect of balances due within 12 months equal their carrying amounts in the statement of financial position.

31 December 2016	On demand	3-6 months	6-12 months	Total
	US$	US$	US$	US$
Other payables and accrued expenses	-	388,457	700,000	1,088,457
Due to related parties	-	-	-	-
Due to Investment Manager	-	-	50,508,050	50,508,050
	-	388,457	51,208,050	51,596,507

31 December 2015	On demand	3-6 months	6-12 months	Total
	US$	US$	US$	US$
Other payables and accrued expenses	-	910,841	3,226,318	4,137,159
Due to related parties	-	24,238,011	-	24,238,011
Due to Investment Manager	-	-	51,291,868	51,291,868
	-	25,148,852	54,518,186	79,667,038

e. Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern, so that it can continue to provide returns for Limited Partners.

The Fund sets the amount of capital in proportion to risk. The Fund manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the characteristics of the underlying assets. The Fund Manager is in the process of winding up the Fund and return capital to Limited Partners.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset of liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

31 December 2016	**Level 2**	**Total**
	US$	US$
Financial assets at fair value through profit or loss	407,560,192	407,560,192

31 December 2015	**Level 2**	**Total**
	US$	US$
Financial assets at fair value through profit or loss	468,621,429	468,621,429

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

14. CONTINGENT LIABILITIES

The Fund has provided a guarantee for a term loan facility of USD Nil (2015: USD 45,000,000) obtained by one of its investee companies.

Dear CLARK GATEWAY INVESTMENT GROUP LP NR OFFSHORE,

You have initiated a Funds Transfer to GULF INVESTMENT CORPORATION from your account 019100065133 number on 10/10/2016 04:10:02.

Please find the details of the transaction below:

Sender	BOMLAEADAXXX
Receiver	MSHQUS33XXXX
	/36988516
	GULF INVESTMENT CORPORATION
20	Sender Reference
	033EDFR162840096
23B	Bank Operation Code
	CRED
32A	ValueDate/Currency/Interbank Settled Amount
	Date : 10-Oct-2016
	Currency : USD
	Amount : 2,832,403.86
50K	Ordering Customer Name and Address
	/AE950330000019100065133
	CLARK GATEWAY INVESTMENT GROUP LP N
	MUBARAK AL KABEER BLDG, FLOOR NO 10
	SHARQ AREA, OPP BANKING COMPLEX, PO
52A	Ordering Institution
	BOMLAEADXXX
57A	Account With Institution
	CITIUS33
59	Beneficiary Customer
	/36988516
	GULF INVESTMENT CORPORATION
70	Remittance Information
	PARTIAL REPAYMENT OF CAPITAL
71A	Details of charges
	SHA

Your transaction is currently under processing. You can check your Transaction Queue on MashreqOnline to check the status of your money transfer.

Regards,
Customer Services
Mashreqbank, UAE
Phone +9714 424 444

PORT LINK GP LIMITED

Walkers Corporate Limited. Cayman Corporate Centre,
27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands

Date: February 02, 2019

Noor Bank
Noor Trade Branch – DMCC
Dubai
UAE

Dear Sir,

Kindly arrange to transfer the amount of **USD 25,366,019/-** (US Dollar Twenty Five Million Three Hundred Sixty Six Thousand Nineteen Only) to the following account details:-

Beneficiary Name	:	Gulf Investment Corporation
Beneficiary Address	:	P.O. Box 3402, Safat 13035, Kuwait
Bank Name	:	Citi Bank NA
Bank Branch	:	New York
Account Number	:	36988516
Swift Code	:	CITI US 33
Reference	:	2nd Distribution – Balance Capital & Accumulated Profit to date

Kindly debit our USD account No. 02410890280039 with you.

Thanking you & Best Regards,

Port Link GP Limited

Authorized Signatory

NOOR BANK

PORT LINK GP LTD
PO BOX NO 903
AREA SAARQ
KUWAIT
NO 10 TH BLDG MUBARAK AL KABEER
KWT

Dear Customer,
Transaction Date: 05-Feb-2019
Transaction Ref: 000OGCU190360099

We hereby confirm that your payment has been processed, details of which are as follows:

Remitter Details

Debit Account Title	PORT LINK GP LTD
Debit Account Number	02410890280039
IBAN	AE430520002410890280039

Beneficiary Details

Beneficiary Name	GULF INVESTMENT CORPORATION
Beneficiary Account Number	36988516
Beneficiary Bank	Citibank NY
Beneficiary Country	United States

Payment Details

Debit Amount	USD 25,366,019.00
Credit Amount	USD 25,366,019.00
Exchange Rate	1.0000
Value Date	05-Feb-2019
Charge Code	SHA
Purpose of Payment	
Details of Payment	2ND DISTRIBUTION BALANCE CAPITAL AND ACCUMULATED PROFIT TO DATE

THIS IS A SYSTEM GENERATED COMMUNICATION AND DOES NOT REQUIRE ANY SIGNATURES

NOOR BANK

Transaction Date: 05-Feb-2019
Beneficiary Name GULF INVESTMENT CORPORATION
Credit Amount USD 25,366,019.00

The corresponding swift/UAE FTS transfer message text is provided below for reference:

{1:F01NISLAEADAXXX1111111111}
{2:I103CITIUS33XXXXN}
{3:{108:000MSOG1903601UK}{121:86fecc17-1c70-4509-920e-73db5f89c15c}}
{4:
:20:000OGCU190360099
:23B:CRED
:32A:190205USD25366019,
:33B:USD25366019,
:50F:/AE430520002410890280039
1/PORT LINK GP LTD
2/PO BOX NO 903,KUWAIT,AREA SAARQ,N
3/KW/KUWAIT
:57A:CITIUS33
:59:/36988516
GULF INVESTMENT CORPORATION
:70:2ND DISTRIBUTION BALANCE CAPITAL
AND ACCUMULATED PROFIT TO DATE
:71A:SHA
:77B:/ORDERRES/AE//PRR/
-}

NOTE
This transfer advice is not a confirmation that funds have reached the intended beneficiary. The transfer may be subject to regulatory clearances and other restrictions or charges imposed by the intermediary/receiving bank.

the**PORT FUND**

February 07, 2019

Gulf Investment Corporation
P.O. Box 3402, Safat 13035, Kuwait
Telephone: +965 22225000

Attention: Mr. Talal Zaid Al-Tawari
Group Head of Global Markets

Dear Mr. Talal,

The Port Fund is pleased to announce that UAE and Kuwait authorities have finally approved to release the $496 Million belonging to The Port Fund that has been frozen at Noor Bank in Dubai, allowing the Fund to immediately distribute to its investors the sale proceeds of Sabah Al-Ahmad Global Gateway Logistics City (GGDC) exit in November 2017, after a 15-months battle with extraordinary circumstances and governments' actions beyond the Fund's control.

We are happy that both Kuwait and Dubai have finally recognized the lawful nature of our successful management of The Port Fund considering that it nearly doubled our investors' original capital before the money was frozen, ranking it in the top quartile of private equity funds started before the global recession.

Please be informed that your share of GGDC sale proceeds was wired to **Gulf Investment Corporation** bank account on February 05, 2019 with an amount of USD 25,366,019 (SWIFT attached), and we would like to remind you that during October 2016, you received an amount of USD 2,832,404 representing the sale proceeds of 2GO Group exit, with this, the total amount of distributions which you have received from The Port Fund's exit is USD 28,198,423.

Consequently, The Port Fund's administrators and auditors started preparing the latest Financial Statements of the Fund, and we target to send it to you within the next 60 days.

We thank you for your patience and trust in The Port Fund's management team.

Sincerely,

The Directors
The Port Fund L.P.

07 2019

Clyde & Co LLP
Rolex Tower
15th Floor
Sheikh Zayed Road
Dubai
United Arab Emirates
PO Box 7001
Telephone: + 971 4 384 4000
Facsimile: + 971 4 384 4004
www.clydeco.com

Port Link GP, Ltd.
c/o Walkers Corporate Limited
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands
Email: corporate@walkersglobal.com
Fax: +1 345 949 7886

The Port Fund L.P.
c/o Walkers Corporate Limited
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands
Email: corporate@walkersglobal.com
Fax: +1 345 949 7886

Our Ref	Your Ref	Date
KXH/10119802/25989797.1		7 July 2018

Dear Sirs

Investment Management Agreement dated 28 June 2007

We are instructed by Emerging Markets PE Management Limited, formerly KGL Investment Cayman Ltd. (our **Client,** or **EMPEML**). We write further to our Client's letter of demand dated 16 June 2018, to which our Client has received no substantive response.

EMPEML as Investment Manager

As you are aware, Port Link GP Ltd (**PLGP**) is the general partner of the Port Fund L.P. (the **Partnership**). On 21 March 2007, the Partnership entered into the Limited Partnership Agreement with PLGP (as amended and restated on 14 July 2008) (the **LPA**), under which it was agreed that PLGP would act as the general partner of the Partnership, organized for the purpose of investing funds in securities, other instruments and assets.

On 28 June 2007, EMPEML entered into an Investment Management Agreement (the **IMA**) with PLGP (as the general partner of the Partnership) to carry out investment management of the Partnership.

EMPEML has complied with all, or substantially all, of its obligations under the IMA.

Breaches of the IMA: Failure to pay Carry

Upon exiting fund investments the LPA and the IMA require PLGP, amongst other things, to distribute 80% of the proceeds of the exited fund investments to the Partnership (according to an

agreed 'waterfall' of distributions) and the remaining 20% to EMPEML in its capacity as investment manager of the Partnership.

Section 5.2(d)(iv)of the IMA specifies that:

"*Distributions may be made to the Limited Partner in the General Partner's sole discretion. The General Partner will make distributions from the Fund Investments to the Investment Manager and Limited Partners within 60 calendar days from receipt of the proceeds from each Exited Fund Investment, in the following amounts and in order of priority:*

...

(iv) 80% to the Limited Partners in proportion to their respective Capital Contributions employed in that Fund Investment and 20% to the Investment Manager (the "Carry")."

Furthermore, and correspondingly, section 4.3(b)(iv) of the LPA specifies that:

"*Distributions from exited Fund Investments shall be distributed to the Partners in accordance with the following provisions: . . . 80% to the Limited Partners in proportion to their respective Capital Contributions employed in that Fund Investment and 20% to the Investment Manager (the "**Carry**").*"

The Partnership exited all Fund Investments in late 2017.

On 14 November 2017, as a result of the Partnership exiting the Fund Investments, EMPEML understands that BDO Unibank wired the proceeds, being USD 496,429,777, to PLGP's account held with Noor Bank in Dubai, United Arab Emirates, of which USD 45,462,000 was to be used to pay to EMPEML the Carry in accordance with the IMA and LPA, as set out above.

The debt owed to EMPEML in respect of the Carry is not disputed. EMPEML was informed by the Partnership that payment of the Carry would be wired to EMPEML's Cayman Islands bank account; however, no such payment has been received to date by EMPEML.

On 16 June 2018, EMPEML sent a notice to PLGP demanding payment of the Carry of USD 45,462,000, as per section 4.3(b)(iv) of the LPA, and correspondingly due to EMPEML pursuant to section 5.2(d)(iv) of the IMA.

From 14 November 2017 until date, being 5 July 2018, in breach of its obligations under the IMA, PLGP and/or the Partnership has failed to pay EMPEML the Carry. Significantly more than sixty (60) calendar days have now passed since the Fund Investments were exited, and accordingly the Carry is due and outstanding to EMPEML. The Partnership is in breach of contract by failing to pay EMPEML pursuant to section 5.2(d) of the IMA.

Compound interest is accruing on the Carry on account of its non-payment from 1 January 2018 at a rate of 8% per annum. At the date of this letter total accrued interest stands at USD 1,698,897. Interest in the unpaid Carry continues to accrue until the debt is paid in full.

Breaches of the IMA: Failure to pay Management Fee

Further, section 5.1 of the IMA specifies that

"*In consideration of the provision of discretionary investment management services in accordance with this* [IMA]*, the Investment Manager shall be entitled to receive, and the Fund shall pay the following management fees in USD to the Investment Manager (the "**Management Fee**")...*

كلايد اند كو
CLYDE&CO

(b) from 1 January following the fifth anniversary of the Initial Closing Date, until the termination of the Fund for any subsequent period, an annual management fee equal to 1.5% of the Fund's aggregate Capital Commitments.

The Management Fee shall be payable quarterly in advance, commencing on the Initial Closing Date and thereafter on the first day of each calendar quarter. The Management Fee shall at all times be borne by the Limited Partners pro rata to their Capital Commitments, and appropriate adjustments shall be made to their Capital Accounts."

The Partnership and PLGP have not paid the Management Fee to EMPEML since 1 January 2015. The Management Fee is calculated in accordance with the calculations at Appendix A to this letter. The Management Fee of USD 8,106,386 is due and outstanding to EMPEML.

Compound interest is accruing on the Management Fee at a rate of 8% per annum on account of its non-payment and now stands at USD 1,516,771. Interest continues to accrue on the unpaid Management Fee until it is paid in full.

Termination of the IMA for material breach

Pursuant to section 12.2(a) of the IMA

"*The Investment Manager may terminate this* [IMA]…

(c) at any time by notice in writing to the Fund if the Fund shall commit any material breach of its obligations under this [IMA]."

The Fund has committed material and fundamental breaches of its obligations under the IMA by: (1) failing to pay the Carry of USD 45,462,000 for 60 calendar days since the Fund Investments were exited in breach of section 5.2(d)(iv); and (2) failing to pay the Management Fee of USD 8,106,386 since 1 January 2015 in breach of section 5.1.

Accordingly, this letter constitutes notice to PLGP and the Partnership under section 12.2(a) of the IMA that the IMA is terminated with immediate effect.

In accordance with section 12.5 of the IMA, upon termination of the agreement the Investment Manager shall be entitled to receive immediately all fees and other expenses and monies accrued but not yet paid up to the date of such termination.

In addition, for the avoidance of doubt, we remind you that pursuant to section 12.7 of the IMA, the *"liability and indemnity provisions [in the IMA] shall survive the termination of this Agreement" and nothing in this letter shall be construed as a waiver of EMPEML's right to claim indemnities under the terms of the Agreement.*

Notice of Demand

Therefore, we demand the following:

1. Payment of the Carry in the sum of USD 45,462,000, plus accrued interest in the sum of USD 1,698,897; and
2. Payment of the Management Fee in the sum of USD 8,106,386, plus accrued interest in the sum of USD 1,516,771.

In total, the sum of USD 56,784,054 is due and outstanding to EMPEML (the **Outstanding Debt**).

We hereby demand on behalf of our Client that PLGP make payment of the Outstanding Debt forthwith.

كلايد اند كو
CLYDE&CO

Payment should be made directly to EMPEML to the following bank account:

Beneficiary:	Weir & Associates
Bank:	The Hongkong & Shanghai Banking Corporation Limited
Multi-Currency Account No:	062-9-614611 (Foreign Currency Savings)
Bank Address:	No. 1 Queen's Road, Central, Hong Kong
Swift:	HSBCHKHHHKH

Please note that, in the event that payment of the Outstanding Debt is not received in cleared funds within 48 hours of this letter, EMPEML reserves the right to take all available measures and recourse to recover the Outstanding Debt and to protect and preserve its rights against PLGP and/or the Partnership for the Outstanding Debt, including further late payment interest (which continues to accrue on a daily basis on the Outstanding Debt until full payment is made) and any legal costs incurred, including court fees and lawyer's fees, as well as the right to claim damages, whether in contract or otherwise, and the right to claim indemnity from PLGP and/or the Partnership for any claims as may be asserted against EMPEML by any third party.

All our Client's rights are reserved.

Yours faithfully

Clyde &Co.

Clyde & Co LLP

WALKERS

BY EMAIL

6 February 2020

Our Ref: BG/MT/1T5138.D08984

KGL International for Ports, Warehousing and Transport K.C.S.C.
Industrial Shuwaikh
Area 3, Building 66
Block 9, Kuwait

Dear Sir/Madam

We act as Cayman Islands legal counsel to The Port Fund L.P. (the "**Fund**") and Port Link GP Ltd. (the "**GP**") and write in relation to the convertible loan agreement entered into by the Fund and KGL International for Ports, Warehousing and Transport K.C.S.C. ("**KGL Ports**") dated 22 August 2007 (the "**Convertible Loan Agreement**").

Certain limited partners of the Fund, namely Gulf Investment Corporation ("**GIC**") and the Kuwait Ports Authority (the "**KPA**"), have recently issued letters to the Fund and the GP seeking the disclosure of documentation and information relating to the business and affairs of the Fund. Of particular relevance for the purposes of this letter, the KPA and GIC have sought to obtain a copy of the Convertible Loan Agreement and further information with respect to the arrangements entered into between the Fund and KGL Ports. The Fund and the GP have, to date, resisted such attempts on the basis that the Convertible Loan Agreement contains a strict confidentiality clause prohibiting the Fund from providing any details relating to the Convertible Loan Agreement and the arrangements between the parties.

Following such correspondence between GIC, the KPA and the Fund, GIC and the KPA commenced legal proceedings in the Cayman Islands seeking the disclosure of documentation and information from the Fund and the GP pursuant to section 22 of the Exempted Limited Partnership Law (as amended) in Cause No. FSD 13 of 2020 and Cause No. FSD 235 of 2019 respectively (the "**Cayman Proceedings**"). In the Cayman Proceedings, GIC and the KPA are seeking the disclosure of documentation and information relating to, *inter alia*, the Convertible Loan Agreement and the commercial arrangements between the Fund and KGL Ports. GIC and the KPA have also each filed an *ex parte* Application for an Order to Conduct Discovery for Use in Foreign Proceedings Pursuant to 28 U.S.C. § 1782 in the United States District Court for the Southern District of New York (the "**US Proceedings**" and together with the Cayman Proceedings, the "**Legal Proceedings**").

Walkers
190 Elgin Avenue, George Town
Grand Cayman KY1-9001, Cayman Islands
T +1 345 949 0100 F +1 345 949 7886 www.walkersglobal.com

In connection with the Legal Proceedings, the Fund and the GP are seeking KGL Ports' consent to disclose the Convertible Loan Agreement and details of the arrangements between the parties to the limited partners of the Fund on such terms that are acceptable to KGL Ports in order to avoid lengthy and costly litigation between the parties. Please note that, absent an agreement between the parties to the Legal Proceedings as to the terms and conditions of any such disclosure, it is possible that the Cayman Court or the NY Court could order the disclosure of the Convertible Loan Agreement and related information without any confidentiality restrictions and the Fund and the GP would be bound by the terms of such orders.

In the circumstances, we would welcome the opportunity to meet with the legal team of KGL Ports to discuss this matter further. In circumstances where the Legal Proceedings are on foot, we would be grateful for a response as soon as possible and, in any event, by Friday 7th February 2020.

Yours faithfully

Walkers

WALKERS

KGL PORTS INTERNATIONAL

Received 9/2/2020

9626461.2T5138.D08984

PORTS INTERNATIONAL

12 February 2020

Walkers
190 Elgin Avenue, George Town
Grand Cayman, KY1-9001, Cayman Islands

Re: Legal Proceedings Seeking KGLPI Confidential Information

We are responding to your 6 February 2020 letter advising KGL International for Ports, Warehousing and Transport KSCC ("KGLPI") of certain legal proceedings filed by the Gulf Investment Corporation ("GIC") and the Kuwait Port Authority ("KPA") in the Cayman Islands and the Southern District of New York seeking a copy of the Convertible Loan Agreement between KGLPI and The Port Fund L.P. ("Fund") as well seeking other information with respect to arrangements entered into between KGLPI and the Fund. KGLPI expects the Fund to fully comply with the confidentiality obligation under the Convertible Loan Agreement and any other applicable confidentiality obligation.

KGLPI is open to discussing sufficient confidentiality protections that would allow disclosure of certain information under the close supervision of an independent court to ensure that the information sought in those proceedings is relevant, needed for a proper purpose, and will not be misused. Unfortunately, the KGL group of companies are familiar with the tactic of KPA's current leadership of filing legal actions containing highly inflammatory and false allegations, misrepresenting facts to the courts, intimidating witnesses, threatening defense counsel with crimes against the State of Kuwait, and arbitrarily using its government authority to advance private, non-governmental agendas.

In addition, a former in-house lawyer of one of KGL's main competitors in Kuwait has been representing GIC in these matters and, in fact, engaged in non-privileged communications with our competitor's CEO as part of a plan to encourage one or more of the Fund's limited partners to file a legal action in the Cayman Islands even though the competitor has no financial interest or legal standing in the matter. The same former in-house lawyer of our competitor has engaged in multiple lawsuits and complaints against KGL Logistics (one of the KGL group of companies and a major shareholder in KGLPI) with the Kuwait Capital Market Authorities. In addition, the KPA and our competitor maintain an unusually close relationship, including illegally terminating KGL's ability to work at the Kuwait Ports and transferring the work to our competitor. Given this track record, we are concerned that the KPA will use the confidential information for an improper purpose in Kuwait.

KGLPI will therefore require robust restrictions on the disclosure of confidential information and other protections that will prevent misuse of the confidential information by the KPA, our main competitor, and the lawyers with close ties to our competitor.

Sincerely,

KGL International for Ports, Warehousing and Transport KSCC

KGL PORTS INTERNATIONAL

٧/ الاقفيد باكرول للاعلان بالارشاد

محمد أحمد الرشيد عبدالعزيز رشيد الرشيد
محامـون ومستشـارون قانونيـون
Attorneys & Legal Consultants

جلسة ١/١١/٢٠١٦

تجاري كلي /٢٢

ع/ أمين سر/ ١٤٠

تجاري كلي /٢٢ ٦٥٨٢/٢٠١٦

صحيفة دعوى

انه في يوم الموافق / /2016 – الساعة

بنـاء علـى طلـب **السـيد/ الممثـل القانوني لصندوق الموانئ (شركة محدودة) ومقرها في جزر الكايمان**، ومحلـه المختار مكتب المحامين/ محمد أحمد الرشيد وعبد العزيز رشيد الرشيد – الكائن بالكويت- الشرق- شارع احمد الجابر – البحر تاور- الدور السابع عشر.

الموضوع

دعوى ندب خبير لتصفية الحساب بين طرفي الدعوى

انا مندوب الاعلان بإدارة التنفيذ بـوزا

انتقلت في تاريخه وساعته اعلاه الي حيث أعلنت:

المحكمـة الكليـة
رقم الكليـة: 16/6582
تجاري كلي/22
رقم الاعلان: 16/32336
ت - الايداع: 2016-07-18
تاريخ الجلسة: 2016-10-04
الدور: 04 الغرفة: 28
JDPF65

162260010

١- **السيد/ فاضل البغلي الممثل القانوني لشركة كي جي إل الدولية للموانئ والتخزين والنقل (ش.م.ك.م) وبصفته رئيس مجلس الإدارة.**

ويعلن في : **الشويخ الصناعية** ٣ – قطعة ٣ – شارع ٨٥

مخاطباً مع : صبيحة ٦٨ – الرقم الالي ٩٠١٥١٩٢٨

حيث سلمته نسخة من هذه الصحيفة وأعلنته بالآتي:

الموضوع

أولاً: بتاريخ 2007/8/26 تعاقدت شركة كي جي إل الدولية للموانئ والتخزين (ش.م.ك.م) المعلن إليها مع صندوق الموانئ الطالب لمنح المعلن إليها قرض بمبلغ عشرين مليون دولار أمريكي مع حق الصندوق في تحويل القرض إلى أثنين مليون سهم من أسهم شركة كي جي إل الدولية (المعلن إليها) في شركة دمياط الدولية للموانئ – شركة مساهمة مصرية

AL DIYAR LEGAL TRANSLATION – CERTIFIED BY UAE MINISTRY OF JUSTICE – LEGAL TRANSLATOR MAHMOOD SUBHI ABDALLA

محمد أحمد الرشيد عبدالعزيز رشيد الرشيد
محامون ومستشارون قانونيون
Attorneys & Legal Consultants

مقفلة- وهي الشركة صاحبه الامتياز لعقد انتفاع مدته أربعين سنة تم توقيعه مع هيئة ميناء دمياط بتاريخ 2006/5/8 لإنشاء وإدارة وتشغيل محطة الحاويات الجديدة في مدينة دمياط بجمهورية مصر العربية.

1- نص البند رقم (3- 2) بعنوان "معدل الفائدة على القرض" وحيث ورد النص على فائدة سنوية تغطي فترة القرض البالغة خمس سنوات وبمعدل 28٪.

2- ولما كان ذلك، وكان الطالب قد أوفى بكامل التزاماته تجاه المعلن إليه، في حين أن المعلن إليها قد أخلت بالتزاماتها الواردة في اتفاقية قرض للتحويل المبرمة بينه وبين الطالب فإن ذلك في حد ذاته خطأ عقدي يوجب التزامه بتعويض الطالب عما لحقه من خسارة وما فاته من كسب وفقاً لما تقضي به المادة (230) من القانوني المدني.

- **<u>فقضت محكمة التمييز بأن</u>:**

(ولئن كان من المقرر أن عدم تنفيذ المدين لالتزامه التعاقدي يعتبر في ذاته خطأ يرتب مسئوليته التي لا يدرأها عنه إلا إذا أثبت أن عدم التنفيذ يرجع إلى قوة قاهرة أو بسبب أجنبي لا يد له فيه، أو خطأ المتعاقد الآخر، إلا أن استخلاص الخطأ وتقدير إخلال المتعاقد بالتزاماته الموجب لمسئوليته العقدية من عدمه من مسائل الواقع التي تستقل بها محكمة الموضوع مادام استخلاص سائغاً ومستنداً إلى ما هو ثابت بالأوراق.)

(**الطعن رقم** 160 **لسنة** 1986 **تمييز تجاري - جلسة** 1987/4/22)

<u>ثانياً، إنه لما كان ذلك</u>، وكان المعلن إليها لم تقم بسداد أية مبالغ للطالب سواء من أصل رأس المال (القرض) أو من الأرباح أو ريع

الكويت - الشرق - شارع أحمد الجابر - البحر تاور - الدور السابع عشر - بدالة: 22490203/22490204 - فاكس: 22490205

محمد أحمد الرشيد عبدالعزيز رشيد الرشيد
محامون ومستشارون قانونيون
Attorneys & Legal Consultants

الأسهم، وذلك على الرغم من المطالبات المتكررة فإنه قد اضطر إلى رفع هذه الدعوى لتصفية الحساب بينهما.

- ولما كان البند رقم (10) من الاتفاقية قد نص أنها خاضعة لأحكام قوانين دولة الكويت والمحاكم الكويتية في حالة نشوب أي نزاع بين طرفيها فإن الطالب يرفع هذه الدعوى أمام القضاء الكويتي ليفصل له في طلباته الواردة في ختام هذه الصحيفة.

بناء عليه

أنا مندوب الإعلان سالف الذكر قد انتقلت في ساعته وتاريخه أعلاه، إلى حيث المعلن إليه وسلمت نسخة من هذه الصحيفة للعلم بما ورد بها وكلفته الحضور أمام محكمة المحكمة الكلية بقصر العدل، وأمام الدائرة .... بجلستها التي ستنعقد علناً في تمام الساعة الثامنة والنصف وما بعدها من صباح يوم .... الموافق .... /............ /2016، لسماع الحكم:

بندب خبير للاطلاع على ملف الدعوى وما يقدمه الطرفان من مستندات وذلك لاحتساب مستحقات الطالب لدى المعلن إليه وذلك عن قيمة القرض الذي اقترضه المعلن إليه من الطالب وقدره عشرون مليون دولار أمريكي فضلاً عن الفوائد الاتفاقية وقدرها 28٪ في السنة وبحد أقصى خمس سنوات وما يستحق من فوائد قانونية وتعويضات وما لحق بالطالب من خسارة أو فاته من ربح وذلك توصلاً للقضاء بإلزام المعلن إليه بأن يؤدي للطالب ما قد يسفر عنه تقرير الخبير وتصفية الحساب بينهما نهائياً فيما يتعلق بأصل المبلغ المقترض وفوائده خلال مده خمس سنوات وحتى تاريخ السداد والتعويضات وما فاته من ربح وما لحقه من خسارة.

ولأجل العلم ....

الكويت - الشرق - شارع أحمد الجابر - البحر تاور - الدور السابع عشر - بدالة: 22490203/22490204 - فاكس: 22490205

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المترجم القانوني / محمودصبحي نصار

Mohammed Ahmed Al Rasheed and Abdelaziz Rasheed Alrasheed

Attorneys & Legal Consultants

Statement of Claim

On (Day) corresponding to / / 2016 – (Hour),
At the request of the Legal Attorney of the Port Fund (limited company), headquartered in Cayman Islands, with chosen domicile being at the Office of Advocates/ **Mohammed Ahmed Al Rasheed and Abdelaziz Rasheed Alrasheed** – Kuwait, Sharq – Ahmed Al Jaber St., Al Bahar Tower – 17th floor

I, , Process Server of the Ministry of Justice's Execution Department, have moved at the time above where I served this notice on:
Mr. / Fadel Al Baghli, Legal Representative of KGL International for Ports, Warehousing & Transport K.S.C.C. in his capacity as Vice Chairman
To be served at: Shuwaikh Industrial Zone – Plot (3) – Bldg. (66) – Block (9)
Addressed together with: ....

Subject
A Lawsuit for Expert Appointment to Set off Account between Parties to Lawsuit

Applicant's Attorneys / Mohammed Ahmed Al Rasheed and Abdelaziz Rasheed Alrasheed

Where I delivered a copy of this Statement of Claim and served on him the following notice:

//Stamp affixed in the first page reads as follows:

Court of First Instance
Ref.: 16/6582
Commercial Full Jurisdiction/22
Notice Ref.: 16/32336
Lodging Date: 18-07-2016
Hearing Date: 04-10-2016
Floor: 04 Hall: 28//

Subject

First: On 26/8/2007, KGL International for Ports, Warehousing & Transport K.S.C.C. ("**KGLIP**"), the Notified Party, concluded a contract with the Port Fund, the Applicant, for being granted by the latter a convertible loan of USD twenty million with a right being given to the Fund to convert this loan into two million shares of KGLIP shares in Damietta International Port Company SAE, which is the concession owner of a usufruct agreement extending to forty years signed with Damietta Port Authority on 8/5/2006 to build, manage and operate the new container terminal in Damietta, Arab Republic of Egypt.

1- Clause No. (3-2) entitled "Interest Rate on Loan" stipulated that an annual interest in the rate of 28% shall be levied on the whole period of the loan extending to five years.
2- The Applicant has fulfilled the full obligations vis-à-vis the Notified Party. However, the Notified Party has violated its obligations as stated in the Convertible Loan Agreement concluded between it and the Applicant, which per

Tel. : 2222722 / 2221557, Fax : 2283678, P.O.Box : 7794, Dubai - U.A.E. دبي، ص.ب: ٧٧٩٤، فاكس: ٢٢٨٣٦٧٨
Mob.: 050-6284563 Email : mahmoudsubhin@hotmail.com / diyar-translation@hotmail.com

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se constitutes a contractual error requiring the Notified Party to pay compensation to the Applicant as per the provisions of Article (230) of the Civil Code for loss and missing profit the latter sustained.

- **The Court of Cassation ruled as follows:**

(It is established that the failure by the Debtor to perform its contractual obligation shall be per se deemed as an error requiring that the Debtor bears a liability that cannot be removed unless the failure to perform such contractual obligation is attributable to a force majeure event or an inevitable foreign reason or the error of the other contracting party. However, the conclusion of the error and the assessment of the contracting party's violation of its obligation requiring its contractual liability shall be a matter that is subject to the Trial Court as long as such conclusion is palatable and based on the facts established in the lawsuit papers.)

(Cassation No. 160 of Year 1986 Commercial Cassation – Hearing dated 22/4/1987)

<u>Second</u>: Based on the foregoing, the Notified Party failed to pay any amounts to the Applicant either from the Principal Debt (Loan) or its interest, or from dividends of shares, despite of repeated claims. Hence, the Applicant had to file this lawsuit to set off the account between them.

- Clause (10) of the agreement stipulated that it is subject to the provisions of the laws applicable in the State of Kuwait and to the Kuwaiti courts, in case any dispute arises between the parties thereto. Thus, the Applicant files this lawsuit before the Kuwaiti judiciary to decide on its petitions stated at the end of this Statement of Claim.

Therefore,

I, the Process Server above, have moved at the time above where the Notified Party exists and delivered the same a copy of this Statement of Claim for notification. Further, I ordered it to appear before the Court of First Instance, Palace of Justice, Circuit ...., at its Hearing to be publicly held at 8:30 AM on .... (Day) corresponding to .../..../ 2016 **<u>to hear the judgment</u>**:

Appointing an expert to review the lawsuit file and the exhibits that may be submitted by both Parties to calculate the dues of the Applicant payable by the Notified Party for the loan granted to the Notified Party by the Applicant in the amount of USD twenty million along with the contractual interest in the rate of 28% per annum with a maximum of five years, plus the legal interest and compensation as well as the loss and missing profit sustained by the Applicant so that a judgment be ruled obliging the Notified Party to pay the Applicant the amount to be determined in the Expert Report and to conclusively set off the account between

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them as to the principal debt and its respective interest through five years till the date of payment together with the compensation, missing profit and any loss sustained by the Applicant.

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THE PORT FUND

PROJECT MASTER EXIT REPORT

November 2016

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Definitions

2GO	2GO Group, Inc.
Aboitiz Group	Aboitiz Equity Ventures and Aboitiz & Company, Inc.
AMCG	Asia Mezzanine Capital Group
ATSC	Aboitiz Transport System Corporation
BOD	Board of Directors
CAF	China-ASEAN Investment Cooperation Fund
CAGR	Compound annual growth rate
DOR	Deal Origination Report
Fund	The Port Fund
IC	Investment Committee
KGLI BV	KGL Investment B.V.
KGLI Coop	KGL Investment Cooperatief U.A.
KGLI-NM	KGLI-NM Holdings, Inc.
LCA	Logistics Consulting Asia
LED	Logistics, Express and Distribution
MPC	Metro Pacific Corporation
NHMC	Negros Holdings and Management Corporation
NNC	Negros Navigation Co., Inc.
SPA	Share Purchase Agreement
SPV	Special Purpose Vehicle
Team	The Port Fund Team
TPF	The Port Fund
TTM	Trailing Twelve Months
VAS	Value Added Services; includes cold chain transport and other ancillary businesses such as trucking, security and vessel repair, among others

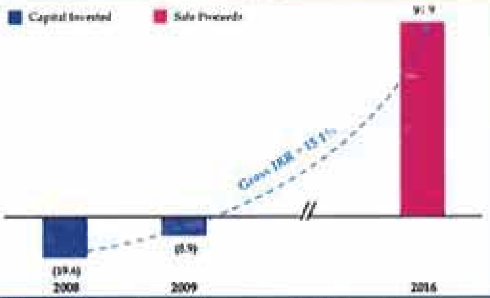
I. Transaction and Company Overview

A. Transaction Overview

The Port Fund's entire ownership in Negros Navigation Co., Inc. was sold in August 2016 for net sale proceeds of USD91.9 million[1], formalizing the exit of USD28.5 million[2] invested equity. The transaction merited a multiple of 3.2x the investment and an IRR of 15.1% over the weighted average investment period of 7.8 years.

Key Investment Statistics*

Investment Amount:	USD 28.5 mn
Net Sale Proceeds:	USD 91.9 mn
Investment Multiple	3.2x
Weighted Average Investment Period	7.8 years
Gross IRR:	15.1%



** Figures are inclusive of deal transaction costs and net out deal specific debt, costs and expenses that were incurred for the transaction*

The successful conclusion of this transaction was the direct result of TPF's strategy to transform what was once a pure shipping player operating a small flotilla of vessels into the largest shipping company and the dominant logistics and supply chain solutions provider in the Philippines.

- NNC operates a fleet of 24 vessels connecting 24 ports of call, over 80% of the entire Philippine port network, and established itself as the leading platform for the Supply Chain segment.
- Warehouse inventory has grown to over 100,000 sqm in 2015, supporting the growing cross docking service offering, distribution and marketing solutions, and warehousing.
- Express service store locations increased to over 1,200 branches and the company maintained partnerships with FedEx, UPS, e-commerce providers and Government agencies.
- The cold chain support service now holds a significant market share in the refrigerated and isotank container transport market.

Over the life of the investment period, NNC's revenues increased from USD42.0 million to USD354.7 million and EBITDA grew from USD8.1 million to USD65.8 million, representing CAGRs of 35.6% and 34.9%, respectively.

[1] *Figure is net of deal specific debt, costs and expenses related to the transaction.*
[2] *Inclusive of deal transaction costs and expenses.*

** TTM Jun16 results are based on management reports that do not account for intercompany eliminations. 2008 to 2015 figures are from the Company's audited financial statements*

TPF was actively involved in business operations, strategic planning, budgeting, and capital raising activities. Key investment highlights are as follows:

Transaction Phases	Detailed Investment Highlights
Deal Sourcing and Initial Investment	• Evaluated the potential opportunity to invest in NNC, as management contemplates the planned acquisition of ATSC • Conducted a rigorous financial, tax, and legal due diligence • Finalized investment agreement and funded USD28.5 million[1] in tranches between 2008 and 2009 via an SPV
Pre-acquisition Enhancement	• Worked with management to buy back debt • Equity infusion and debt buyback puts NNC out of court mandated receivership • Conducted a refleeting to improve capacity and introduced operational and back-office efficiencies
Industry Consolidation	• Successfully negotiated the acquisition of ATSC • Conducted extensive financial, tax, and legal due diligence on the proposed acquisition of the market leader, ATSC • Raised capital to support the acquisition, acquired ATSC in 2010
Integration	• Immediately after acquisition, TPF worked with management to develop a detailed integration process to merge the operations and eliminate competing businesses • Analyzed and executed an extensive route and vessel rationalization process; began another refleeting round to eliminate excess capacities and inefficient vessels • Consolidated support and back office functions such as Human Resources, Finance, IT and ship management, among others
Strategic Shift	• Formed a centralized sales team to consolidate supply chain solutions offerings and allow cross-selling among segments • Hired logistics and supply chain experts and consultants • Infused additional equity, funded via a debt raise, to be used to grow and acquire additional assets for the supply chain business segments
Exit	• Initiated a sale process in the end of 2013 involving a potential secondary offering or sale to a strategic/financial buyer • In 2014/2015, performed a competitive sales/marketing process which merited 4 interested parties • With CAF unwilling to sell, in 2016, TPF began a sale process for its own shares (minority stake) and received offers from multiple entities • Executed the sale of TPF's minority stake to a strategic buyer in August/September 2016

[1] *Inclusive of deal transaction costs and expenses.*

B. Company Overview and History

Negros Navigation Co., Inc. is the largest supply chain enterprise and the only end-to-end solutions provider in the Philippines. The Company services all requirements in the value chain, from import and customs clearance, warehousing, trucking, nationwide shipping and inventory management to distribution and merchandising. In addition, the Company also provides retail express and courier services, sea travel, international logistics and specialized cargo handling via business segments under its corporate umbrella.

Figure 1. NNC 2GO Group Business Segments

Registered in 1932, NNC is one of the oldest domestic shipping companies in the Philippines. In 1994, NNC became the first shipping company to list on the Philippine Stock Exchange.

Figure 2. Company History

In 2006, NHMC, a corporation organized by the management of NNC, acquired majority ownership of NNC from the Metro Pacific Group.

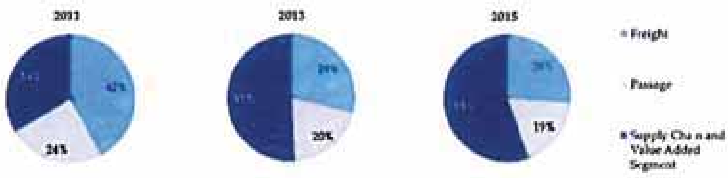
In 2008, NHMC and KGLI BV executed an Investment Agreement to establish their strategic partnership with NNC. The parties organized KGLI-NM as their investment vehicle in NNC.

In 2010, KGLI-NM partnered with CAF with the intention of using NNC as a platform to acquire ATSC. At the time of the acquisition, ATSC was the largest shipping company with the widest port network in the country.

ATSC owned and managed shipping and passage operations under the brands SuperFerry, SuperCat and Cebu Ferries. Aside from these, the Aboitiz group had established operations in express and distribution. The acquisition of ATSC and its allied businesses propelled NNC to become the market leader in the shipping and passage industry, garnering 80% of the total market share in the domestic sea passenger segment and over 40% of the domestic sea cargo segment. Management launched a rigorous integration process to realize synergies between the two players.

Throughout the successfully completed integration process that began in 2011 and completed in mid-2013, the Group transitioned from a predominantly shipping and transport company to a full-service logistics and supply chain solutions provider. The NNC Group was positioned to address the needs of a growing Philippine economy that is driven by consumption and inter-island trade. The Company's growth is now being led by these logistics and value-added services, with the Group's shipping operations providing a stable platform and a sustainable competitive advantage.

Figure 3. Strategic Repositioning: Revenue Breakdown per Business Segment



C. **Environment, Social and Governance Initiatives (ESG)**

TPF's investment in NNC and 2GO goes beyond capturing significant returns and capital appreciation. TPF always targeted to provide investors risk adjusted returns, as well as generate sustainable, positive impact. The Team strongly agrees with and adheres to the materiality of ESG factors and their long-term impact on investment performance and strives to implement these principles as it conducts its business activities.

Within this context, TPF believes ESG matters can have both positive and negative consequences on the financial performance of investments, as well as on the positive externalities the Team seeks to generate for societies in its target markets. The Team also recognizes that TPF's investment decisions and activities may have environmental and social consequences. As such, consistent with its fiduciary duty, TPF seeks to:

- Integrate ESG matters into investment practices.
- Require companies that TPF invests in, to ensure a preventive and precautionary approach with respect to environmental and social impacts. If negative environmental or social impacts are unavoidable, they must be appropriately mitigated or compensated for.
- Require companies that TPF invests in, at a minimum to comply with the legal and regulatory requirements in the jurisdictions where they operate, and beyond that work over time towards relevant international ESG norms and standards.
- Require companies that TPF invests in, to observe high standards of business integrity and governance.
- Encourage companies that TPF invests in, to establish an open dialogue with their

stakeholders on the environmental and social impacts of their activities.

- Seek continuous improvements in the management of ESG matters.
- Provide transparent and relevant information on ESG matters related to investment activities, while observing normal commercial confidentiality requirements.

Based on the above, TPF partnered with NNC Management in initiating and executing many environmental, social and governance programs and projects that ultimately would affect and benefit the lives of people and society, directly and indirectly. Select examples of such activities and programs are mentioned below.

Safety Management and Leadership

At the onset of the investment, TPF actively initiated a refleeting program to replace the then old and dilapidated vessels of NNC. Shipping vessels in the Philippines, industry wide, consist primarily of aged vessels that are prone to accidents at sea. As a result of the refleeting program, NNC boasts of the youngest shipping fleet in the and is updated with world class safety features, navigational aids, and communications equipment; such as Electronic Chart Display Information Systems, state-of-the-art radar equipment and an Automatic Identification System.

TPF and 2GO Management also hired consultants and experts in safety management, such as Det Norske Veritas, to assist in the preparation, training and implementation of the SPP based on the International Safety Management System. TPF and management ensured that the SPP is aligned and compliant with the requirements of regulatory authorities (i.e Maritime Industry Authority, Philippine Coast Guard) and international best practices such as the International Convention for the Safety of Life at Sea and International Safety Management Code.

With the initiatives set by TPF in partnership with management, NNC emerged as the safety management leader and gold standard in the local maritime industry. The initiatives set enhance further the already stellar safety record of NNC.

Disaster Relief

In 2013, The Philippines experienced one of the worst natural disasters in recorded history. Typhoon Haiyan (local name Yolanda), a category five storm with wind speeds at landfall of up to 195 mph and gusts of up to 235 mph, devastated eastern parts of the archipelago, claiming over 2,000 lives and costing damage estimated to reach 5% of the country's GDP. As a result, over 8 million lives were affected, 2.5 million were in need of food, and 660,000 lost their homes.

Operation Hope was formed in light of these tragic circumstances. TPF, CAF, and NNC collectively made efforts to provide over 1,500 people with temporary shelter, over 6,000 hot meals a day, safe drinking water, medical supplies and relief care to thousands more in the affected areas.

The 2GO Group offered the use of one of its vessels, St. Peter the Apostle (SPA), to serve as temporary shelter for displaced or injured individuals. SPA is a 152 meter long, 25 meter wide passenger and freight vessel that has capacity for more than

1,500 passengers and 250 medical workers and a gross tonnage of more than 10,000 tons.

SPA used its cargo hold to transport much needed food, water, clothing and medical supplies. After discharging supplies, the cargo hold was converted to a medical facility, serving the needs of the population.

In the 90 day period following the disaster, 2GO was able to ship an average of 18,000 metric tons of aid and transport much needed equipment and personnel, daily.

Other Environmental and Social Programs

Over the years the 2GO Group has actively participated and partnered with various government agencies and non-government advocacy and charitable organizations in contributing to the environmental and societal impact of being among the largest corporate citizens in the Philippines. Regular annual activities include:

- Tree planting activities in various provinces of the Philippines and in partnership with government agencies such as the Community Environment & Natural Resource Office of the Department of Environment and Natural Resources
- Mangrove planting and coastal clean-up in partnership with the Philippine Ports Authority and Philippine Coast Guard.
- Brigada Eskwela (School Brigade) project under the Department of Labor and Employment which sought volunteers to assist in repair and maintenance of public school classrooms across the archipelago before classes resume.
- Partnered with the largest distributor of books and school supplies to distribute school materials to children located in the far flung areas of the Philippines.
- Participated with the Philippine Red Cross and Philippine Children's Medical Center in various blood donation programs.

II. Transaction Process and History

A. Deal Sourcing

The TPF Team first met with NNC management in mid-November 2007 and initial discussions determined that NNC represented a potential investment opportunity. Following a detailed presentation by key management, which included Jun Tagud and Jerry Cruzabra, the Team determined that the opportunity warranted additional due diligence and analysis. The Team prepared a Deal Origination Report for the Investment Committee that strongly recommended further due diligence on the investment opportunity. The Team's preliminary recommendation was an investment of approximately USD25.0 to 30.0 million, of which USD11.0 to 15.0 million would be used to purchase outstanding debt, and the remainder to acquire additional ships for expansion.

B. Transaction Evaluation

After submission of the DOR, the Team began preliminary due diligence on NNC in November 2007. This included visits to the different port operations served by NNC, interviews with key company employees, financial analysis on the historical and projected financials and due diligence meetings with other industry groups and contacts familiar with the operation. The information resulting from the preliminary due diligence continued to indicate that NNC satisfied the targeted investment objectives of the Fund. As a result, the Team prepared a comprehensive Investment Recommendation Report that was presented to the IC in December 2007. The IC unanimously approved the transaction and formal negotiations and a more comprehensive due diligence process commenced.

C. Due Diligence

The Team began comprehensive due diligence and engaged the following to perform detailed analyses on the transaction: Ernst & Young – Philippines conducted a detailed financial review and advised on the most efficient tax structure; Baker McKenzie – Philippines conducted a comprehensive legal review on the target; Grant Thornton – Philippines conducted a commercial study on the Philippine transportation and shipping industry. The Team also engaged a ship evaluation expert to inspect each vessel and to review key port operations, among others.

D. Transaction Structure

Ernst & Young – Philippines recommended a Double Dutch investment structure for the NNC investment. This structure provides TPF multiple tax benefits, such as (i) exemption from Dutch corporation tax, (ii) exemption from dividend withholding tax for any distributions by the Dutch entities to TPF, and (iii) exemption from Dutch nonresident corporation tax for dividends and gains derived by TPF from the Dutch entities. The report further recommended engaging a Dutch trust management company to provide domiciliation and directorship services in order to avoid issues on residency.